

to the notification of the President of the confirmation of the appointment of Mr. O'Connor to be Comptroller of the Currency.

The VICE PRESIDENT. It was. The President has been notified.

Mr. ROBINSON of Arkansas. I thank the Chair.

#### RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 35 minutes p.m.) the Senate took a recess until tomorrow, Thursday, May 11, 1933, at 12 o'clock meridian.

#### NOMINATIONS

*Executive nominations received by the Senate May 10 (legislative day of May 1), 1933*

##### MEMBER OF THE FEDERAL RESERVE BOARD

Eugene R. Black, of Georgia, to be a member of the Federal Reserve Board for the unexpired portion of the term of 10 years from August 10, 1928, vice Eugene Meyer, resigned.

##### MEMBER OF THE MISSISSIPPI RIVER COMMISSION

Leo O. Colbert, of Massachusetts, for appointment as a member of the Mississippi River Commission, vice Robert L. Faris, deceased.

##### PUBLIC HEALTH SERVICE

Surg. Walter L. Treadway to be senior surgeon in the Public Health Service, to rank as such from July 28, 1933.

##### APPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

##### GENERAL OFFICER

*To be major general, reserve*

Maj. Gen. Edward Caswell Shannon, Pennsylvania National Guard, from May 5, 1933.

#### CONFIRMATIONS

*Executive nominations confirmed by the Senate May 10 (legislative day of May 1), 1933*

##### PUBLIC HEALTH SERVICE

Albin R. Sweeney to be senior surgeon.

Harry F. White to be senior surgeon.

Ray P. Breaux to be passed assistant dental surgeon with grade of passed assistant surgeon.

James F. Lewis to be passed assistant dental surgeon with grade of passed assistant surgeon.

Thomas L. Hagan to be passed assistant dental surgeon with grade of passed assistant surgeon.

Donald J. Hunt to be passed assistant surgeon.

##### COAST GUARD

The following-named young men to be ensigns in the Coast Guard of the United States, to rank as such from May 15, 1933:

David Hall Bartlett  
Rudolph Bjorge  
Emmett Timothy Calahan  
Albert John Carpenter  
Hubert Roe Chaffee  
William Wilder Childress  
Eugene Auguste Coffin, Jr.  
Warren Loomis David  
Harry Elmer Davis, Jr.  
John Herman Forney  
Albert Everest Harned  
Clarence Herbert  
Swen Alfred Hill  
George Whisler Holtzman  
Joseph Howe  
John Jenkins Hutson, Jr.

Vaino Oliver Johnson  
Robert Egan McCaffery  
Joseph Francis McCue  
Thomas Robley Midtlyng  
George Olof Olson  
John Birdsell Oren  
William Mulford Peel  
Richard Foster Rea  
David Owen Reed  
Peter Joseph Smetonis  
Willard John Smith  
Thomas Harold Stubbs  
Louis MacLane Thayer, Jr.  
John Herbert Wagline  
Quentin Robert Walsh

## HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 10, 1933

The House met at 11 o'clock a.m. and was called to order by Mr. BULWINKLE, Speaker pro tempore.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Grant us, blessed Lord, through the hours that await us, Thy wise, guiding presence. Look into our hearts, and mayst Thou hear the music of charity and justice to all men. Thou who dost shepherd the worlds, lead all of us into a larger vision, and allow nothing to obscure our outlook and hope of the diviner life. Make it gloriously possible for us to do the utmost things for our fellow men. Father of Mercy, minister unto the poor, the homeless, and sorely distressed; especially be in the haunted places of the hopelessly afflicted. Devotedly and joyously may we cling to the high privilege of helping those whose lives are dark and flat and unprofitable. Through Jesus Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### INDEPENDENT OFFICES APPROPRIATION BILL, FISCAL YEAR 1934

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. McCLINTIC in the chair.

The CHAIRMAN. The Chair will state that this bill is being considered under a special rule with 6 hours' general debate. The Clerk will report the bill.

The Clerk read the title of the bill.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Chairman, I yield myself 30 minutes. Mr. Chairman, this is the second time the House of Representatives has been called upon to consider the independent offices appropriation bill for the fiscal year 1934. During the regular session this bill was considered by Congress, and as finally enacted into law carried the total sum of \$1,003,314,981.

For the convenience of the Committee I have prepared and here exhibit to the Committee a chart showing the appropriations in the first column for the several activities for the present fiscal year ending June 30, 1933. It carries \$1,024,286,041.

The second column, carrying \$1,003,314,981, is the amount carried in the bill which was vetoed by the President.

The third column carries the amount in the present bill of \$535,573,936.

The fourth column shows the increases or decreases, as the case may be, which shows the net reduction in the appropriation from the amount carried in the vetoed bill of \$467,741,045.

Four hundred and sixty million six hundred and thirty-four dollars is accountable by the reduction in Veterans' Administration. Seven million seven hundred and forty thousand four hundred and eleven dollars is the reduction made in the several independent establishments.

Mr. Chairman, I now ask unanimous consent to extend my remarks by inserting at this point a duplication of this table, designated "Chart I", in order that it may be in the RECORD for the information of the House.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The chart referred to is as follows:

CHART I

Object	Appropriations, 1933	1934 bill as vetoed	1934 estimates as now submitted	Increase (+) or decrease (-), revised bill compared with vetoed bill
Executive Office.....	\$392,000	\$427,498	\$369,483	-\$58,015
American Battle Monuments Commission.....	275,000	143,322	112,000	-31,322
Arlington Memorial Bridge Commission.....	340,000	282,675	198,000	-84,675
Board of Mediation.....	152,135	132,483	120,000	-12,483
Board of Tax Appeals.....	560,000	545,000	490,000	-55,000
Bureau of Efficiency.....	159,500			
Chicago World's Fair.....	1,000,000			
Civil Service Commission.....	1,457,486	1,374,470	1,050,000	-324,470
Commission of Fine Arts.....	7,800	9,258	8,800	-458
Employees' Compensation Commission.....	4,880,000	4,854,800	4,169,000	-685,800
Federal Board for Vocational Education.....	2,864,000	2,876,283	2,487,700	-388,583
Federal Farm Board.....	40,000,000	500,000	1,050,000	+550,000
Federal Home Loan Bank Board.....	250,000	( <sup>1</sup> )	( <sup>1</sup> )	
Federal Oil Conservation Board.....	10,000	9,752	7,803	-1,949
Federal Power Commission.....	254,000	235,373	210,000	-25,373
Federal Radio Commission.....	872,000	780,427	640,000	-140,427
Federal Trade Commission.....	1,466,500	1,101,500	920,000	-181,500
General Accounting Office.....	4,262,620	3,918,000	3,280,000	-638,000
George Rogers Clark Sesquicentennial Commission.....	400,000	98,158	96,650	-1,508
George Washington Bicentennial Commission.....	200,000			
Interstate Commerce Commission.....	7,148,560	7,137,639	5,040,000	-2,097,639
Mount Rushmore National Memorial Commission.....	25,000	10,000	10,000	
National Advisory Committee for Aeronautics.....	920,000	821,000	695,000	-126,000
Public Buildings and Public Parks of the National Capital.....	4,025,933	4,184,422	3,322,500	-861,922
Public Building Commission.....	100,000	91,975	80,000	-11,975
Smithsonian Institution.....	1,074,829	1,044,692	820,000	-224,692
Supreme Court Building Commission.....	1,000,000	2,240,000	3,490,000	+1,250,000
Tariff Commission.....	1,020,000	945,098	800,000	-145,098
U.S. Geographic Board.....	9,678	9,778	9,000	-778
U.S. Shipping Board.....	360,000	3,202,744	310,000	-2,892,744
Subtotal.....	75,487,041	36,476,347	28,735,936	-7,740,411
Veterans' Administration.....	948,799,000	966,838,634	506,838,000	-460,000,634
Grand total.....	1,024,286,041	1,003,314,981	535,573,936	-467,741,045

<sup>1</sup> Reappropriation, for one half year only; not included in total.

<sup>2</sup> Reappropriation, for full year; not included in total.

<sup>3</sup> For 1934 and subsequent fiscal years, activities are financed from assessments on member banks.

Mr. WOODRUM. Now, gentlemen, I want to call attention to the fact that in the independent establishments of the Government, which includes the bureaus and commissions that we hear so much talk about, we have made reductions from \$36,476,347 to \$28,735,936—a reduction of \$7,740,411 below the amount carried in the vetoed bill.

In the last 3 years Congress has reduced the appropriations for the independent establishments almost 25 percent. Now, I am going hurriedly over this list. I do not want to spend any more time on the independent establishments than I have to, because I want to devote most of the time I consume to the major item, which is the reduction in the Veterans' Administration costs, so that I may give the Committee information if I can on that subject.

Most of these reductions in this column showing reductions are of comparatively small amounts. We come down the list of the Employees' Compensation Commission, where we show a reduction of \$685,800 below the amount carried in the vetoed bill.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. SNELL. I notice in the Executive Offices that the salary of the President is carried at the regular amount of his salary, while the salary for the Vice President has been cut 15 percent. Why should there be a difference in those two?

Mr. WOODRUM. Congress does not have the right under the Constitution to diminish the salary of the President during his term of office.

Mr. SNELL. And the Vice President does not come under that constitutional provision?

Mr. WOODRUM. No; but as the gentleman knows, both President Roosevelt and President Hoover have remitted to the Treasury their proportionate reduction in their salaries.

Mr. SNELL. Yes. I wanted to ask about the salaries of the secretaries of the President. I see the salary here is carried at \$9,500. How does that come about? As I understand it, the salary fixed by law is \$10,000.

Mr. WOODRUM. During the administration of President Hoover we carried for him three secretaries at a salary of \$10,000 each.

Mr. SNELL. Yes.

Mr. WOODRUM. At the request of the present administration, we carry a salary for one secretary at \$10,000 and for two assistant secretaries at \$9,500 each, subject, of course, to the regular 15 percent reduction.

Mr. SNELL. And that is what that means?

Mr. WOODRUM. It is the salary for the secretary and the two assistant secretaries.

Mr. SNELL. One is \$10,000 and the others are \$9,500 each; all subject to the regular cut?

Mr. WOODRUM. Yes.

I come now to the Employees' Compensation Commission, which shows a rather substantial cut of \$685,000. A portion of that is accountable in the regular 15 percent reduction in salaries. Then there is what is equivalent to a 15 percent reduction in the amount payable to the beneficiaries of the Employees' Compensation Commission, the idea being that the beneficiaries of that fund should stand about the same pro rata reduction that the Government employees and others are taking, which is equivalent practically to 15 percent.

I come now to the Federal Farm Board. The Committee will recall that the Federal Farm Board is now in process of evolution, we might say.

A MEMBER. Dissolution.

Mr. WOODRUM. We might call it "evolution" or "dissolution" or "rejuvenation", but I think "rehabilitation" probably would be the better word, because I am sure under the new set-up we are going to have a very splendid and efficient management of the duties that will come to this organization. An Executive order has been entered and becomes effective May 27 consolidating all the various farm-credit activities under a new administration, which is called the Agricultural Farm Credits Administration, which takes in the old Farm Board and the Federal Farm Loan Commission, and quite a number of those independent establishments and combines them into one organization.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. BLANCHARD. Some of those consolidated agencies are not independent establishments.

Mr. WOODRUM. That is correct.

Mr. BLANCHARD. But they will be classified as such under the new consolidation order.

Mr. WOODRUM. Yes. The gentleman is correct. This is a reappropriation of funds. This \$1,050,000 that is carried in this column here is not figured in the total, because it is a reappropriation of funds which had already been appropriated for the Federal Farm Board. In the last bill we carried an appropriation of \$500,000 for 6 months' activities of the old Federal Farm Board. That was a reappropriation. This bill carries \$1,050,000 reappropriation for the consolidated activities of the Federal Farm Board, which will include the administration of the farm-loan provisions of the new act which is now in process of becoming a law. The duties will devolve on this new organization to administer this law, which permits farmers to refinance their mortgages, and \$600,000 of the amount carried in this bill is for that activity, which Mr. Morgenthau, the new chairman, tells us will mean that the average cost of refinancing a farm mortgage will be about \$1 per transaction. If that outfit can carry out their purpose to finance their organiza-



tion in that manner I am sure Congress will have no complaint to make of that.

Next we find the General Accounting Office with a substantial cut, which is probably 85 percent reflected in personnel.

We come next to the Interstate Commerce Commission, with a cut of \$2,097,639. That is reflected almost entirely in a curtailment of the activities of the accounting division of the Interstate Commerce Commission and the valuation departments. Members of the Committee will recall that there is now pending legislation which we have every reason to believe will be enacted into law, which will retroactively repeal section 15a of the Transportation Act, which is known as the recapture clause of the Transportation Act. May I say that I know of nothing the Congress can do that will do more to help the railroads than to repeal retroactively this unworkable law. I have advocated this repeal for several years. That will very largely curtail activities of the accounting division and the valuation department of the Interstate Commerce Commission, and, of course, will necessitate a large reduction in their personnel.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. MAY. In connection with that reduction, which is a reduction from \$2,750,000 to \$1,000,000, according to the testimony of Mr. Lewis, I believe, it is shown there will be a reduction from 913 employees, and probably a discharge of 600 of them. That is according to his testimony. In view of the fact that the Government has loaned to the railroads several hundred million dollars, and there is to be a revaluation possibly in connection with those loans at the same time, does the gentleman not think it is very unwise to make that drastic cut in that particular branch of the Interstate Commerce Commission's work instead of applying it generally over the whole work, including the Commission in Washington?

Mr. WOODRUM. The committee in the last Congress, as well as in this Congress, gave very careful consideration to this cut in the activities of the Interstate Commerce Commission. We think we have left them sufficient personnel to discharge the duties which they will have to perform. There is no doubt about the fact that it is a drastic cut, and it will cause separation from the service of a great many employees. I do not know how it is possible to reduce governmental activities without reducing personnel.

Mr. MAY. Will the gentleman yield for a further inquiry?

Mr. WOODRUM. I yield.

Mr. MAY. I understand the new proposal for the merger or consolidation or control of the railroads, to be put under a single coordination department; there will be a provision which will effect a revaluation of the railroads and the elimination of branch lines and large areas of that nature. Does that not make necessary a revaluation of all of the trunk lines, consisting of about 250,000 miles of rail in the country?

Mr. WOODRUM. I do not think so. The Interstate Commerce Commission has already completed the primary valuation of all railroads. That was a stupendous task. When that act was first passed, the distinguished Senator from Wisconsin, the late Senator La Follette, estimated it would probably cost \$1,000,000 to make that valuation. The Government has already spent \$40,000,000; the railroads estimate their cost to be \$140,000,000, but the Interstate Commerce Commission has done a splendid job in making that primary valuation of railroads. In addition to that a great deal of work has been done in keeping the valuation up to date. Under this reduced appropriation they are left a skeleton force which will permit them to carry on and ready to be augmented and built up if the future activities of the Commission require additional personnel.

The Federal Trade Commission in this appropriation is given \$920,000, which is practically the same amount we gave them in the vetoed bill, less added salary reductions of 15 percent. The committee will, of course, recall that under the securities bill just passed added duties will fall to the Federal Trade Commission. The hearings held before the

Deficiency Appropriations Committee, I think, disclose very substantially, that there is need for this appropriation for the Federal Trade Commission, and we are very much in hopes that under its reorganization and some different policy in its affairs its usefulness will be greatly increased as an independent establishment.

Mr. SNELL. Will the gentleman yield for a question?

Mr. WOODRUM. Yes, I yield.

Mr. SNELL. Is it the expectation that they will make new investigations, or is this to carry on the investigations they are conducting at the present time?

Mr. WOODRUM. This is to carry on and extend at least the investigations carried on with respect to the public utilities, and continue the regular functions of the Federal Trade Commission.

Mr. SNELL. The utilities investigation was started by a resolution in the Senate?

Mr. WOODRUM. Yes, sir.

Mr. PATMAN. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. PATMAN. I understand one of the legislative provisions will require in the future that the Federal Trade Commission can only make investigations at the request of both Houses of Congress, unless it is initiated by the Commission itself?

Mr. WOODRUM. I think that would be a very wise provision of the law.

Mr. LOZIER. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. LOZIER. If the present antitrust law and statutes against monopolies and activities in restraint of trade, and unfair trade practices are repealed, emasculated, or rendered impotent or innocuous, will there be any necessity for this Federal Trade Commission appropriation? If the present antitrust laws are to be abrogated, if the struggle of 75 years by the American people against monopolies and trusts is to end in failure, if the traditional opposition of the Democratic Party toward monopolies is to be abandoned, then will there be anything worth while that the Federal Trade Commission can accomplish?

Mr. WOODRUM. Of course, I may say to the gentleman from Missouri [Mr. LOZIER] that I do not agree with his premise that the laws which he has mentioned are going to be wiped off and emasculated, but there may be some change of policy, to lighten up a little, to give industry a little more latitude in expanding. That is a feature of the matter that I do not want to get into now, but I think there will be constructive work for the Federal Trade Commission to do, to require this appropriation; and if it is not required, let us bear in mind that the President always has authority to impound the funds of any of these activities if their usefulness ceases.

Mr. McFARLANE. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. McFARLANE. I notice there are substantial cuts all down the line and particularly in the Veterans' Administration. I am wondering if we could not to advantage bring in a tremendous saving there by a little legislation in regard to saving interest on the public debt, which will amount to about a billion dollars?

Mr. WOODRUM. Of course, there is no interest on the public debt involved in this appropriation, and I must respectfully refer the gentleman to the Director of the Budget. If the gentleman can show the Director of the Budget where he can save some money, I think he will find a very sympathetic auditor.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. COCHRAN of Missouri. Did the committee make any appropriation at all for the Federal Trade Commission to inaugurate the three investigations which they desired to begin? First, an investigation with reference to the practices of corporations; second, the effect of the antitrust laws on industries using natural resources; third, an investigation into certain general competitive practices that the Commission is continually running into.

Mr. WOODRUM. No. The appropriation does not carry any funds for new investigations, and the committee thought then, as we seemed to think when we passed the last bill, that if any new investigations are to be initiated, they should be initiated by either a joint resolution of Congress or some request from the administration.

Mr. COCHRAN of Missouri. In other words, you are going to let the Federal Trade Commission die unless the Congress authorizes investigations? The law permits the Commission to initiate investigations on its own motion but it needs money to do so.

Mr. WOODRUM. I do not think they will die as long as they have a million dollars to carry them along for another fiscal year.

Mr. COCHRAN of Missouri. Yes; but that is to close up the investigations they have been working on in recent years, and they are earmarked in the appropriation bill.

Mr. WOODRUM. No; they are not earmarked in the appropriation bill.

Mr. COCHRAN of Missouri. But it is understood that money is to be used for that purpose, and they are to complete the Power Trust investigation and the chain-store investigation during the next fiscal year.

Then they are out—I speak of the economic division. There is nothing left for them to do unless they are permitted to have money to start the investigations they wish to undertake.

Mr. WOODRUM. Does the gentleman think we ought to create new investigations just to give them something to do?

Mr. COCHRAN of Missouri. Absolutely; because such investigations in the end will be beneficial to the taxpayers.

Mr. WOODRUM. I do not agree with the gentleman.

Mr. COCHRAN of Missouri. I think the Federal Trade Commission, which is the only instrumentality the people of this country have to secure any protection from the corporations, should be taken care of by this Congress. The Federal Trade Commission is an agency of Congress. Now, is the Congress going to kill the agency by refusing the necessary funds so it can function properly?

Mr. WOODRUM. I think it ought to be killed if its usefulness is over and there is nothing further for it to do. Though, of course, I do not make any such claim.

Mr. COCHRAN of Missouri. That is the contention that has been made in this House year after year in a desire to kill the Federal Trade Commission. The Commission was started by President Wilson. It has proven itself a valuable instrumentality and is becoming more valuable every day, but there is a desire on the part of certain interests to get it out of the way. Why? Because the corporations fear its activities. It really accomplishes something.

Mr. WOODRUM. Oh, well, my friend is setting up a straw man to have something to knock down.

Mr. COCHRAN of Missouri. No; that effort has been made on the floor of this House every year and Members know it. Look what happened in the last session.

Mr. WOODRUM. The Federal Trade Commission is very well pleased with this appropriation, yet my friend is kicking about it.

Mr. COCHRAN of Missouri. They must have been told to be pleased with it. They were not pleased with it when it came up for consideration in the last session.

Mr. TABER. They have been well taken care of.

Mr. WOODRUM. I think we have been very liberal with them.

Mr. COCHRAN of Missouri. The gentleman from New York well knows he wanted to take \$250,000 away from them.

Mr. TABER. Yes; that is correct.

Mr. COCHRAN of Missouri. That shows the position of the gentleman from New York with regard to the Federal Trade Commission.

Mr. TABER. The gentleman knows I only want to keep them down where they belong.

Mr. COCHRAN of Missouri. I know what the gentleman is seeking to do with them.

Mr. WOODRUM. Now, Mr. Chairman, unless some member of the committee wishes to ask further questions about the independent establishments I shall get down to the veterans' provisions.

Mr. TAYLOR of Colorado. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. TAYLOR of Colorado. Is it not true nearly all these investigations the gentleman has referred to were started in the Senate? We really ought to have a provision that investigations, which are always made at enormous expense, may not be made except with the concurrence of the House of Representatives.

Mr. WOODRUM. I think the gentleman is correct.

Mr. FULMER. Can the gentleman point the House to any convictions that have occurred as a result of any of the investigations made by the Federal Trade Commission?

Mr. WOODRUM. The gentleman will find in the hearings a very illuminating and interesting statement by the chief counsel of the Federal Trade Commission, Mr. Healy. It is a very clear statement of what they have done.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. PATMAN. May I direct the gentleman's attention to the Federal Trade provision of this bill, page 21, providing that no new investigations shall be initiated by the Commission as the result of a legislative resolution, except the same be a concurrent resolution of the two Houses of Congress.

Mr. WOODRUM. Yes. I thank the gentleman for reminding me of that. We think that is a very wholesome provision.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. RANKIN. Are ample funds provided under this bill to finance the Federal Trade Commission's general investigation of the Power Trust?

Mr. WOODRUM. We think we have given them sufficient funds. We have given them the funds that the Director of the Budget estimated, and they think they can carry on the utilities investigation.

Mr. RANKIN. Is the Federal Trade Commission satisfied with the appropriation, and do they say it will be sufficient to carry on this investigation?

Mr. WOODRUM. Well, my friend knows it is hard ever to satisfy a bureau. They would like to have more, of course. They say if they had more money they could do the job quicker and do a better job. But I may say to the gentleman there is no doubt of the fact they are given sufficient funds to carry on in a constructive way the power investigation. That is what the gentleman is interested in.

Mr. RANKIN. What I am interested in is that the Federal Trade Commission shall have ample funds to carry on this investigation of the Power Trust to the fullest extent without being hampered or restricted in any way that would embarrass them.

Mr. WOODRUM. I may say to the gentleman that I think they are amply provided for.

Mr. BRENNAN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BRENNAN. A short time ago I introduced a resolution in the House asking for an investigation of the cement industry. I note from the press during the last week that the Secretary of the Interior has been in touch with the Federal Trade Commission with reference to the cement industry insofar as it affects the National Government.

For information may I ask the gentleman if this appropriation contemplates the expenses connected with this investigation? I ask this because in a letter from the Commission I was asked that an appropriation be provided if I expected my investigation to be continued.

Mr. WOODRUM. The understanding of the committee, I may say to the gentleman, is that the cement investigation was, or will be, concluded by the end of this fiscal year.



Mr. BRENNAN. I may say that the investigation of the cement industry we asked for is not contemplated by the investigation being made by the Commission at this time. It is not a price-fixing investigation, but the investigation of the question of prices with reference to the cement companies took place since the conclusion of the report that is now in the hands of the committee, if I am correctly informed by the Commission.

Mr. WOODRUM. I think, under this provision in the bill, Congress will have to appropriate by special joint resolution sufficient funds for the investigation.

Mr. BRENNAN. Then I am to understand that the request of the Secretary of the Interior made last week, or the complaints initiated by him within the last week against the cement industry, will fall unless some further appropriation is made?

Mr. WOODRUM. That is my understanding. If the investigations are new investigations they cannot be initiated unless funds are provided by Congress for the investigation.

Mr. BRENNAN. Then I may state to the gentleman and the Members of Congress at this time that in view of the fact the cement industry, as reported by the Secretary of the Interior, has such a price-fixing arrangement that the road building in the various States of the Union and the road building contemplated by the National Government is being held up. I am inclined to think, if this is the situation, sufficient funds should be provided at this time to enable the Government to determine whether or not there is a violation of law.

Mr. SNELL. Will the gentleman yield for a question?

Mr. WOODRUM. Yes.

Mr. SNELL. I had understood that the Government had just completed a thorough survey of the cement industry—is not that so?

Mr. WOODRUM. That is my understanding.

Mr. SNELL. If they have just completed an investigation, they must have all the facts available at the present time.

Mr. BRENNAN. Let me say to the gentleman from New York that the investigation did not cover what is now contemplated and was not thorough. It had nothing to do with price fixing; and I have a report from the Commission itself that the price fixing by the cement industry took place after the closing of the testimony taken at the investigation now before that particular Commission.

Mr. SNELL. I understood they had just completed an investigation.

Mr. WOODRUM. I cannot yield any further on that point. The gentleman from Illinois will have to introduce his resolution and have it take the usual course.

Mr. BRENNAN. The resolution is now before the committee, and not only the resolution but the complaints of the Secretary of the Interior made within the last week should be taken care of at this time and should not be passed over, with the effect of telling the Secretary of the Interior that we have passed them over without taking any action.

Mr. MAY. Will the gentleman yield?

Mr. WOODRUM. I do not want to get into any cross-fire discussion of this particular matter, but I yield to the gentleman from Kentucky.

Mr. MAY. I merely want to bring out one point in connection with the gentleman's remarks, and that is that you can buy cement at any place in this country at the same price, because it is being sold everywhere at the same price, regardless even of freight rates.

Mr. BRENNAN. I want to say to the gentleman that you cannot buy a sack of cement in the United States f.o.b. factory. You can only buy cement f.o.b. point of delivery, and I may say that road building in Illinois, Indiana, and Iowa is being held up and thousands and thousands of men are now idle because of the fact that the cement manufacturers are quoting the authorities of the different States an increase of 78 cents a barrel over prices given them a year ago.

The activities of the cement companies with relation to the manner of submitting bids to the several States of the Union have been forcibly brought to public attention since the press within the last week announced that these same tactics were employed by these companies in their dealings with the National Government.

I am not making any charges that any company or companies have been violating the law. I do not know.

However, I do wish to say that the circumstances connected with the submission of bids to the several States and to the National Government smack of irregularities that should be thoroughly investigated without delay.

Profiteering must not be permitted under any circumstances. If the greedy fingers of any corrupt organizations are found to be at the throat of American commerce, now is the time to call a halt.

Why should the cement industry refuse to submit bids f.o.b. factory, as they now refuse to do in Illinois and other States?

Why should all bids submitted be identical with respect to prices?

Why the great rise in prices at the present time compared with prices heretofore obtained?

Being permitted to meet and discuss prices and other matters pertaining to competitive bidding places the cement industry in a charmed class.

We are fighting our way out of a depression. A fine spirit of patriotic understanding between employer and employee has lightened the burden. National and State Governments are bending their efforts to relieve the situation.

The press of the country is entitled to everlasting appreciation for their invaluable assistance prompted by their unselfish desire to serve.

The National Congress is in extra session at this time enacting legislation and making huge appropriations to help those in distress. Some State governments have been compelled to enact sales tax laws and other legislation to cope with the unemployment situation in their respective States.

Courts have cautioned and advised against foreclosures and other forms of legal procedure that are unnecessarily obnoxious.

Are we not entitled to know, or at least to make inquiry, why the governmental bodies of the Nation are held up in their activities due to the cement situation? There is necessity for continued road building. The unemployment situation demands it.

We cannot build roads without cement. We cannot buy cement at exorbitant prices. Public opinion demands that competitive bidding be not destroyed.

Mr. FULMER. Will the gentleman yield?

Mr. WOODRUM. I yield for a question.

Mr. FULMER. In connection with the gentleman's statement I should like to show to the House the result of investigations by the Federal Trade Commission. The cement corporations were thoroughly investigated and the Commission found many unfair practices in their business, but nothing was done except to tell them not to do it any more, and now we want to have another investigation following the one we have just had.

Mr. GOSS. If the gentleman will permit, before the gentleman goes on to the Veterans' Administration appropriation, will he not put in the Record at this place the chart he has been referring to?

Mr. WOODRUM. I have already put that in the Record.

Mr. BLANCHARD. Will the gentleman yield for a brief question on the Federal Trade Commission?

Mr. WOODRUM. Yes.

Mr. BLANCHARD. Was it the opinion of the Commission that ample funds had been provided to take care of all investigations?

Mr. WOODRUM. It certainly was.

Mr. FERNANDEZ. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. FERNANDEZ. I want to ask a question about the Interstate Commerce Commission. As the gentleman knows,

in the past it has been the policy of the Commission to conduct hearings throughout the country whenever matters of discrimination in rates at one port as against another, for instance, came up. Does the gentleman know whether it will be possible to carry on these hearings throughout the country as they have done in the past, or will the shippers and other persons interested in such rate-discrimination cases be compelled to come to Washington and appear before the Commission here?

Mr. WOODRUM. The Interstate Commerce Commission says that the cut in their appropriation will undoubtedly prevent them from having some of their hearings in the field, and some of them will have to be held in Washington rather than at points more convenient to the shippers. However, I may say to the gentleman that if experience shows the committee and the Congress that any great injustice is being done the taxpayer, we will have ample opportunity to be more liberal in their appropriations. Personally I feel they are not handicapped in their appropriations.

Now, Mr. Chairman, I want to pass to the major item of reduction and one in which I am sure every Member of

Congress, as well as everyone in the country, is interested; but before I come to that may I say that in the independent offices bill there are quite a number of legislative provisions. I shall not discuss these legislative provisions.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield myself 15 more minutes.

I am going to leave this to the chairman of the committee, the gentleman from Texas [Mr. BUCHANAN], who will follow me when I have discussed the Veterans' Administration item.

Mr. Chairman, I should like, if I may, to proceed for just a few minutes without interruption. I shall then be glad to yield for any questions or give any information I can.

Mr. Chairman, I now ask unanimous consent to insert in the RECORD at this point a facsimile of the chart which I have exhibited here.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent to extend his remarks in the RECORD as indicated. Is there objection?

There was no objection.

CHART II

Appropriation title	Appropriated, 1933	Original estimate, 1934	Revised estimate, 1934	Decrease in revised estimate compared with 1933	Decrease in revised estimate compared with original
Administration, medical, hospital, and domiciliary services.....	\$115,722,000	\$111,273,634	\$77,273,000	\$38,449,000	\$34,000,346
Printing and binding.....	150,000	150,000	150,000		
Pensions.....	\$52,100,000	\$52,730,000	\$21,730,000	\$30,370,000	\$361,000,000
Military and naval insurance.....	\$117,000,000	134,000,000	123,000,000	\$6,000,000	11,000,000
Hospital and domiciliary facilities.....	12,877,000	5,000,000	1,000,000	11,877,000	4,000,000
Adjusted-service certificate fund.....	100,000,000	100,000,000	50,000,000	50,000,000	50,000,000
Adjusted-service and dependent pay.....		2,835,000	2,835,000	(2,835,000)	
Loans to veterans for transportation.....	100,000			100,000	
Total, military services.....	927,949,000	945,983,634	485,988,000	441,961,000	460,000,634
Civil Service retirement and disability fund.....	20,850,000	20,850,000	20,850,000		
Total, Veterans' Administration.....	948,799,000	966,833,634	506,838,000	441,961,000	460,000,634

<sup>1</sup> Includes amounts previously appropriated for or estimated under the title "State and territorial homes for disabled soldiers and sailors."

<sup>2</sup> Includes amounts previously appropriated for or estimated under the titles "Military and naval compensation" and "Army and Navy pensions".

<sup>3</sup> Supplemented by \$10,850,000 transferred from "Military and naval compensation" under the provisions of sec. 317, Public, 212, 72nd Cong., approved June 30, 1932.

<sup>4</sup> A net decrease of \$4,850,000 offset by corresponding adjustment under the title "Pensions" when considered in connection with transfer made as outlined in footnote 3.

Mr. WOODRUM. This chart shows a reduction in veterans' expenditures of \$460,000,634 for the next fiscal year.

These reductions are made by virtue of the new regulations promulgated by the President pursuant to the authority given him in the Economy Act.

I shall not undertake to say to my colleagues that these reductions have not been drastic. Undoubtedly, in many instances it will appear to us that they have been too drastic, but I believe if we were coming today to make initial provision for the veterans of our wars, if, for instance, we had never made any provision heretofore for the veterans, and we were coming now to provide for them, the veterans and their friends—and I count myself as one of their friends—would feel that the Government is being liberal with its ex-service men.

Of course, these cuts seem very drastic to us in comparison with the payments we have been making in the past and which many of the people of America had become convinced were unjustified.

May I call your attention to the fact that thousands of veterans are going off the rolls by virtue of these new regulations.

But the President has authority to revise these regulations at any point or place where it may develop that an injustice is being done to a veteran. I can speak with authority when I say this. I know it is the determination and purpose of the President and his associates in charge of the administration of these laws to do a full measure of sympathetic justice to relieve veterans injured in the service of their country or who are suffering from diseases contracted in the service of their country.

Under the new regulations every veteran who was injured in battle or who contracted a disease while in the service of his country and who is now in a physical condition caused

by injury or disease is provided for, both in the matter of compensation and the matter of hospitalization.

Not only that, but the Government is going farther; every honorably discharged veteran of any war and the veterans of the World War who served as much as 90 days before November 11, 1918, who are now permanently disabled or unable to care for themselves, are not only given hospital and medical treatment and domiciliary care but granted a pension of \$20 a month.

When this agitation for curtailment of veterans' cost was first inaugurated and attracted the attention of the country the veterans thought that all non-service-connected cases were going off the list. That is not true. The totally disabled veteran who served his country is going to be taken care of.

Mr. BOILEAU. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. BOILEAU. How is he going to be taken care of on \$20 a month?

Mr. WOODRUM. In lieu of the \$20 a month he can go to the soldiers' home and be taken care of.

Mr. BOILEAU. But that will not take care of his family; they cannot go to the soldiers' home.

Mr. HOEPEL. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. HOEPEL. I should like to ask the gentleman a question, and I should like to have him answer it.

Mr. WOODRUM. I will answer it if I can.

Mr. HOEPEL. A friend of mine—and I personally know this—was twice wounded in battle. He was captured when we fell back. He was receiving and will receive up to July 1 \$70 a month for disability, and under this his pension will be reduced to \$6, because he is occupying a position in the Veterans' Administration. Despite the fact that this man today carries a piece of shell in his body, under the new



regulations he must forfeit his position in the Veterans' Administration because he is in receipt of a reduced pension of \$6 per month. I want to ask the gentleman if he thinks that is fair treatment of a veteran?

Mr. WOODRUM. I do not accept the gentleman's statement of facts. I think he must have some of the facts wrong.

Mr. O'CONNOR. Mr. Chairman, I think the gentleman from Virginia should be allowed to proceed until he has completed his statement. We want to hear the whole story. [Applause.]

Mr. BUSBY. Will the gentleman from Virginia yield to me?

Mr. WOODRUM. I am always glad to yield to my friend.

Mr. BUSBY. I should like to say this: I do not agree with the gentleman's statement of facts, but I think I have documentary proof before me that the gentleman is not covering the case of veterans who are being dealt with under this provision. [Applause.]

Mr. RANKIN. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. RANKIN. I want to ask the gentleman if, when the economy bill was before the House, the House had any intimation that the Veterans' Administration was going to strike from the rolls the tubercular veterans and those suffering from cancer, paralysis, and other chronic diseases who were put on the roll under the presumptive law of 1924?

I do not so understand it, and I do not believe the Membership of the House understood that those men were to be stricken from the roll. They were put on there because Congress believed their disabilities in all probability originated in the service. Yet if those men are not totally permanently disabled, they go off the roll entirely. That is working a terrible injustice, not only to the veterans but it is throwing many of those men and their dependents on the charity of the local communities.

Mr. WOODRUM. Tubercular cases undoubtedly present a problem that the administration will have to deal with, and I am frank to say to the gentleman that I am not here advocating any cause or undertaking to defend anything. All I am trying to do is to give you information, such as I have. It may be wrong—and, if so, the gentleman from Mississippi will correct me—but it was my understanding, and I think all of us knew perfectly well that a great many of the so-called "presumptive cases" under the old law were going to be taken off the rolls; otherwise there would have been no saving in that class of cases.

With reference to the tubercular cases, as the gentleman knows, they have a 2-year presumptive period now in which they may show the existence of tuberculosis during the service, or within a year after service, or, if it exists to a sufficient degree, then 2 years after service, so that they can say from a medical point of view, that it did exist within the 1-year period.

Mr. RANKIN. As I pointed out on the floor of this House before, there are at least three classes of cases that were put on under the presumptive law that at the very best this ruling will work a great injustice on. A great many men came out of the war—

Mr. WOODRUM. I hope the gentleman will not take up too much of my time.

Mr. RANKIN. I do not want to, but I do think under the circumstances, since we are denied opportunity to amend—

Mr. WOODRUM. Oh, you can amend on this.

Mr. RANKIN. If we did, we could not change the law. A great many of these men were gassed or suffered from influenza and came out of the war in a weakened condition. They did not know that they had a right to apply for compensation until after that 2-year period had expired. There were many men who did not know of their growing physical disability until after that term had expired. There were many men whose patriotism restrained them from making application until finally, when they broke down, and were

compelled to do so, they found they were too late. To now rake those men from the roll and say to them that they are excluded seems to me to be a great injustice which ought to be corrected.

Mr. WOODRUM. I do not think that has been done.

Mr. RANKIN. I know it has been done. I do not think anything about it.

Mr. WOODRUM. Nobody said to them that they were going to be raked from the roll. The Government has said that if they can show that within 24 months after they were discharged from the service they had active tuberculosis, it will be considered service-connected.

Mr. RANKIN. If they could do that, we would never have passed the law in 1924. The law passed in 1924 was to take care of that situation after they began to break down. There were no records, many of them had no record, the comrades of many of them were scattered and they were unable to make proper proof.

This law was put on the statute books in 1924 to take care of those very cases. To now say to them that they will have to go back and dig up this testimony would be just like telling a Spanish War veteran that he would have to go back 35 years and dig up the proof in his case.

Mr. WOODRUM. If the operation of this law shows, when it is put into practical effect, that any injustice is being done to worthy veterans, the gentleman knows perfectly well that Members of Congress and the administration will all be willing to cooperate and correct the injustice.

Mr. RANKIN. It should be done.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. WOODRUFF. I wish to have a matter cleared up which has been rather confusing to me, as I think it is to many other Members of the House. A few moments ago the gentleman used the phrase in speaking of compensation under the present regulation of those who were "injured in battle" and those contracting disease in the service of their country, and as a result thereof having permanent disability. That phrase "wounded in battle" has been used to such an extent that I think it ought to be cleared up. What is the gentleman's opinion of a case where a man is injured in the service of his country while on duty with his military organization, and yet not injured in battle?

Mr. WOODRUM. If I used the phrase "in battle", I meant a direct service-connected disability, whether it was in camp or on the battle front.

Mr. WOODRUFF. I thank the gentleman very much.

Mr. WOODRUM. In the case of a man who was serving actively in the service of his country and was injured, of course, we have never made any distinction, whether he was in battle or in camp, except, I think, in the case of retired emergency officers.

Mr. ANDREW of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. ANDREW of Massachusetts. Is it not true, under the orders now issued by the President, having to do with those permanently, totally injured in battle or subject to handicaps, disabilities incurred in active service, that their compensation was reduced in many cases by 30 or 40 percent. That they suffer an initial reduction of 20 percent, plus an additional reduction in benefit, due to the regrouping of cases under that 10, 25, 50, and 75 percent grouping, so that a man, for example, who has a 42-percent disability will get, in addition to the 20-percent reduction, a further reduction, which gives him only 25 percent benefit instead of 42 percent benefit to which he would be entitled today if he had a 42-percent disability because of injury incurred in battle. Does that not apply even to those who have suffered amputation of arms and of legs? Is it not true that they might, under these orders, suffer a reduction of 30 or 40 or even a greater percent under what they are now receiving?

The CHAIRMAN. The time of the gentleman from Virginia [Mr. WOODRUM] has expired.

Mr. WOODRUM. Mr. Chairman, I yield myself 15 additional minutes, and I will try to give the gentleman an explanation.

Mr. HOEPEL. Well, I have an explanation.

Mr. WOODRUM. Well, I have one, too, that I think I should give first.

Mr. BLANTON. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BLANTON. I want to ask the gentleman from Virginia this question: In handling 4,000,000 veterans' cases, is there any power or any authority less than omniscient, omnipresent and omnipotent that could fail to do some injustice to some in that big group?

Mr. WOODRUM. Of course not.

Mr. BLANTON. I want to say that it is the President of the United States who has bravely assumed the authority and responsibility for what has been done thus far, and we know he is brave and we know he is sympathetic, and he frankly admitted last Saturday that he expects to make some mistakes and that he certainly is going to make mistakes like other humans. When such mistakes are made I am one of those who believe that he is going to correct them. If he should fail to correct these injustices that surely will occur here and there, then the Congress in its power must correct them.

Mr. WOODRUM. Exactly. I thank the gentleman for that observation.

Mr. BLANTON. And the Congress will make proper corrections, but surely just now we should be patient with the President and not criticize him unjustly.

Mr. WOODRUM. I thank the gentleman.

Mr. HOEPEL. Will the gentleman yield?

Mr. WOODRUM. No, not now. I should like to say a few words myself while we are going along.

Mr. ANDREW of Massachusetts. I did not mean to reflect upon the President. I was simply asking for information.

Mr. WOODRUM. I am going to give it right now. Under the old law there were many grave abuses of compensation laws. Everybody knows that. Under the new regulations ten or twelve thousand veterans are now drawing compensation for service-connected disabilities who did not enlist until after November 11, 1918.

Mr. MAY. Will the gentleman yield?

Mr. WOODRUM. I do not yield to the gentleman. If he will permit, I should like to make a few remarks myself.

Mr. HOEPEL. I want the gentleman to yield for one question.

Mr. WOODRUM. I will not now yield for even one question.

Mr. HOEPEL. You evidently do not want the Members to know the truth. I want to give you the facts.

Mr. WOODRUM. I am glad to see the gentleman sitting on the right side of the House today, anyway. [Laughter and applause.]

Mr. HOEPEL. If the gentlemen on my right reflect my viewpoint, I congratulate them as being Americans.

Mr. WOODRUM. Of course, I do not want to be offensive to the gentleman from California, or to anybody, and I think the Membership know that I want to yield, but I want to give an explanation. The gentleman from Massachusetts has asked me for information. If the gentleman from California [Mr. HOEPEL] will sit down and calm himself and make himself comfortable, or will go outside for a few moments, I should like to make that explanation.

Mr. HOEPEL. I will sit down.

Mr. WOODRUM. I will yield when I get ready.

Mr. HOEPEL. Will the gentleman answer one question? The regular order was demanded.

The CHAIRMAN. The gentleman from Virginia will proceed.

Mr. WOODRUM. Now, gentlemen, I want to answer the question which the gentleman has asked, about the fact that some direct service-connected disabilities are going to be reduced by virtue of the operation of this new rating table,

and that is correct. But I want to call attention to the fact, which has been overlooked, that a great many other cases will receive increases in compensation because of the new and very much more equitable method of rating the cases.

Under the existing law the veteran is rated on the basis of pre-war occupation. Under the new regulations he is rated on the basis of the average impairment of his present earning capacity.

Let us draw an example, for a moment, to illustrate what I am talking about. Suppose there are two brothers who went to war. We will say "A" is a bookkeeper and "B" is a structural-iron worker. They go to war and they are in the same company and in the same battle. Both of them have injuries to their hips from shrapnel, that causes ankylosis of the hip, a stiffening of the hip. Under the old rating table, the rating of the bookkeeper, "A", was 26. He got \$26. The rating of "B", the structural-iron worker, because his variant is 9, and a hip disease to an ironworker causes a greater economic disability, was rated at 66, and his compensation was therefore \$66. Therefore those two brothers who served in the same company, under the same flag, struck by the same shell, and having the same injury, one receives \$26 and the other \$66. Under the new rating table those two men are rated on the basis of the disability to the average man suffering that kind of disability, and their rating is 50 percent disability, and they get \$40.

The structural-iron worker thus receives a reduction of \$26. Undoubtedly he is going to write to his Congressman and kick about it, but you will never hear anything from "A" who got an increase, from \$26 to \$40.

Now, Mr. Chairman, this runs all the way through in detail. Undoubtedly some fellows are going to receive some reduction, but the new rating table is based on the average impairment of a man's proved earning capacity. He will receive what is right, what is just, and what is fair for the disability he incurred, and now suffers.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Very briefly.

Mr. MAY. I merely want to make a helpful suggestion. I appreciate the courtesy of the gentleman from Virginia in his polite yielding.

At the present time veterans of the Spanish-American War are all reduced by a form letter to \$6. At the same time the Department is getting out a set of blanks upon which to make application for adjustments. It is just like a court arranging its docket to have a hearing and determine what is exactly right about each particular case. While I voted against the economy bill, I want to say I think this illustration I have given is evidence of the fact that the administration is going to handle the matter justly. I think the House ought to understand that.

Mr. WOODRUM. I may say further in this connection that one group of Spanish-American War veterans actually gets an increase of approximately \$11,000,000 under this new rating, both the war veterans, their widows, and dependents will get an increase under the regulations.

Mr. MAY. Mr. Chairman, will the gentleman yield further?

Mr. WOODRUM. Very briefly.

Mr. MAY. Under the very first regulation made by the President affecting Spanish-American War veterans there is provided a graduated scale from \$8 to \$250 that will cover every kind of disability and allow latitude for adjustment and justice.

Mr. WOODRUM. Certainly. I now yield to the gentleman from California if he wishes to ask a question.

Mr. HOEPEL. I wish to ask the gentleman a question because he made the statement this rating is fair. I wish to recite to him a case that is personally known to me.

Mr. WOODRUM. Do not take all of my time.

Mr. HOEPEL. This man took part in 10 engagements in the Philippines. He lost his leg in the tenth engagement. Under this law his pension is reduced 200 percent, and he is forced out of Government employment because he is receiving a pension. His compensation has been re-



duced over 200 percent. I know the facts of this case and will recite them in detail if the gentleman wishes me to.

Mrs. ROGERS of Massachusetts rose.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I wish to yield first to the gentlewoman from Massachusetts.

Mr. BULWINKLE. Will the gentleman yield right here for a brief question?

Mr. WOODRUM. Very well.

Mr. BULWINKLE. Can the gentleman inform the House how it is possible mathematically to reduce a man's compensation 200 percent? [Applause.]

Mr. WOODRUM. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I feel it has been very difficult for the gentleman to take the position he has, because I know of his great interest in the veterans, and I am sure he did not realize these very drastic cuts would take place.

Does not the gentleman feel it would be very difficult for the average war veteran, and especially difficult for the Spanish War veteran, to establish service connection of his disability after the lapse of all this time? A great many people and doctors who could have given affidavits have died.

Does not the gentleman feel some of these regulations can be easily changed? The President has the power to do so. The President promised in his campaign that no injustice would be worked upon the veterans.

Mr. WOODRUM. Undoubtedly they can be changed, and undoubtedly they will be modified.

May I say further that the burden of proof is on the Government to show in the case of Spanish-American War veterans that their disabilities were not service-connected. Bear this in mind. The difficulty of a Spanish-American War veteran establishing the service-connected nature of his disability was realized, and for this reason the burden of proof was placed on the Government to show that it was not service-connected.

Mr. ANDREW of Massachusetts. Mr. Chairman, will the gentleman yield for a question along the line of my previous one?

Mr. WOODRUM. I yield.

Mr. ANDREW of Massachusetts. As a matter of information, as I understand, there is, first of all, a 20-percent cut in all total permanent cases.

In addition, there is a change in the grouping so that an individual veteran suffering from a disability does not get the benefit of the actual percentage of his disability, but within a group he gets the minimum rating of the group. For example, let us take the group from 25-percent to 50-percent disabled. The man we are speaking of has a 42-percent disability. Is it not true he gets payment only for a 25-percent disability?

Mr. WOODRUM. Not exactly, I may say to the gentleman, for the reason that the old rating tables were based on a variant. Just as illustrated in the cases of the bookkeeper and the structural-iron worker, the bookkeeper was given a variant of 1, and the 26-percent disability rating gave him \$26 a month. The structural-iron worker was given a variant of 9 and he was given \$66.

Under the new rating table they are given a rating based on the average impairment of earning and each veteran will receive the proper allowance. It is a general leveling process under which, if the spirit of these regulations is carried into effect, there will be a very much more equitable adjustment of benefits between the same class of veterans.

My time is about up. I have but 3 minutes remaining and I wish to conclude.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Very briefly.

Mr. HEALEY. Will the gentleman state the aggregate sum of the savings, or the decrease in payments to veterans, under this new Economy Act? It was rather hard to see them on the chart.

Mr. WOODRUM. Four hundred and sixty million dollars. The gentleman will recall that when the economy bill was under consideration it was estimated that \$385,000,000 or \$383,000,000 would be the amount of reduction; but I call attention to the fact that \$50,000,000 is an arbitrary amount provided for loans on adjusted-service certificates. Of course, this is a mere matter of bookkeeping and does not affect the rights of the veterans. If they apply for the loans, they will have to get them. This takes \$50,000,000 off of the \$460,000,000, and \$34,000,000 is the reduction in administrative expenses, some of which is salary reduction and a great deal of which is reduced personnel.

Mr. HEALEY. With these savings, there will not be many increases in the compensation of any veterans.

Mr. WOODRUM. Only time can demonstrate that.

Mr. BOILEAU. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BOILEAU. The gentleman stated a moment ago that, so far as the Spanish-American War veteran is concerned, the Government would have the burden of proof to establish that his disability was not service-connected. Is it not a fact that the Government will not go behind the records; and unless the records show conclusively that the disability was service connected, the burden of proof will be on the veteran, and no one else?

Mr. PATMAN. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. PATMAN. I do not believe this chart reflects the true picture insofar as it refers to reductions in veterans' relief, and I should like to ask the gentleman a few questions about it. Take the item of pensions; it was \$592,730,000 under the bill that was vetoed. The reduction under the present bill brings it down to \$231,730,000. In truth and in fact, as I understand it, practically all the reduction was taken from the service-connected cases; is not that true?

Mr. WOODRUM. Oh, no; the gentleman knows that practically 400,000 non-service-connected cases go off the rolls entirely.

Mr. PATMAN. I know; but in this respect it was under the old law \$372,000,000 annually, and it has been reduced to about \$107,000,000 annually. Is that correct?

Mr. WOODRUM. Approximately.

Mr. PATMAN. And that includes about \$175,000,000 or \$200,000,000 from service-connected cases.

Mr. WOODRUM. A great many of those, as the gentleman knows, will go to the non-service-connected cases and they will get the \$20 allowance. A great many of them are cases that enlisted after the armistice, that go off the rolls entirely.

The CHAIRMAN. The gentleman from Virginia has consumed 1 hour.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the gentleman may be allowed to proceed for 10 additional minutes. Under the rule the gentleman cannot proceed longer than 1 hour, except by unanimous consent.

Mr. TABER. Mr. Chairman, I think the gentleman should be allowed to proceed beyond the hour, but the time should come out of the time fixed for general debate.

Mr. WOODRUM. Yes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Under the original bill, as I understand it, there was a provision that would allow an insurance contract to be canceled. Has that legislative provision been taken out of the new bill or is it still in this bill?

Mr. WOODRUM. That is not in the bill.

Mr. PATMAN. As I understand it, the President, of course, will adjust certain cases, but will he adjust them by groups or classes or will he make adjustments in individual cases?

Mr. WOODRUM. I am glad the gentleman has asked that question, because just a few days ago the executive committee of the American Legion, meeting in Indianapolis, passed a resolution which I should like to insert in the RECORD.



Mr. Chairman, I ask unanimous consent to insert in the RECORD a resolution passed by the executive committee of the American Legion at Indianapolis.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The matter referred to is as follows:

EXTRACT FROM PROCEEDINGS OF THE NATIONAL EXECUTIVE COMMITTEE MEETING, THE AMERICAN LEGION, INDIANAPOLIS, IND., MAY 4-5, 1933

A review of present regulations has already disclosed appalling injustice. Your committee makes the following recommendations for changes in regulations issued under authority of the National Economy Act:

1. This committee recommends that all of the power and influence of this organization and all of the knowledge gained from our years of experience with the subject, should be utilized immediately to bring about a modification and liberalization of existing regulations and recommendations issued under the economy bill to the end that the service-connected cases will continue to receive proper medical care and generous compensation.

2. That our national organization oppose with all its power the policy of recentralization by the Veterans' Administration.

It is the opinion of your committee that as a result of the suddenness of the passage of the new act and the important scope of changes effected under it, together with such misunderstandings as may exist concerning the future effects of the changed order, there will be many and varied resolutions adopted by posts and departments of the Legion in the near future which will recommend changes in the present law and procedure.

Your liaison committee respectfully suggests that the national executive committee direct the chairman of the national rehabilitation committee, together with such of his associates as he shall designate, be instructed to, at an early moment, seek conference with the Honorable Lewis W. Douglas, Director of the Budget, and, if necessary, with the President of the United States, so to point out the manifest necessity—in the interest of justice—of effecting liberalizations relating to the four following subjects. The liaison committee suggests the following subjects be declared to be the immediate future policy of the American Legion.

1. The perpetuation of service connection for all veterans properly granted such service connection under laws in existence immediately prior to March 20, 1933.

2. A relaxing of the present regulations relating to hospitalization and domiciliary care in Government institutions for non-service-connected disabilities, particularly in respect of the present requirement for "permanency" and as to income receipt.

3. Rectification of money payments to veterans suffering from service-incurred disablements to more equitable levels.

4. A liberalization of some of the present unduly restrictive burial provisions.

Should such conference fail to produce the proper modification of existing regulations, it is requested that area conference of the national rehabilitation committee be instructed to be conducted prior to the several department conventions to which representatives of the several departments be invited, in order that suggestions may be transmitted in respect of future policy to the department conventions for their consideration, and it is—in event of such failure—further requested that the chairman of the national rehabilitation and legislative committees be directed to call a meeting of the national rehabilitation committee prior to the 1933 national convention for the purpose of compiling and drafting a proposed act particularly relating to the foregoing subjects, the proposed instrument to be transmitted to the national convention, and if approved by that body to be forwarded to the national legislative committee for introduction at the next regular session of Congress.

Respectfully submitted.

EARL V. CLIFF, *Chairman.*  
PAUL M. HERBERT.

Approved by national executive committee May 5, 1933.

Mr. WOODRUM. In this resolution they set out certain objections to these regulations and appointed a committee to take the matter up with the administration, and I want to say to the gentleman and to the House that I am just as much interested as any Member of this House in taking care of the worthy veterans. I have them in my district just as you have them and I will join with you, if need be, though it will not be necessary, because I am confident our President is going to do the very best he possibly can to iron out any injustices or correct any errors in these regulations where there has been an injustice done to the veterans. And I may say this, because I know many of you are thinking about your regional offices, although no one has said anything about it up to the present time.

There is nothing in this bill that directly affects regional offices. There is no specific provision for or against them.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. WOODRUM. In this item of \$34,000,000, of course, there is a reduction in administrative expenses, and as the affairs of the Veterans' Administration decrease, or as the load decreases, it may be at certain points in the country it will be necessary in the interest of administrative efficiency to close or reduce certain regional activities and recentralize them in Washington, but this is purely a matter of administrative policy, and if this House were to put back in this bill \$8,000,000, the cost of these regional offices, it would not affect it at all unless the President would modify his regulations and require the opening and maintenance of the offices. But may I say before I yield for any further questions, if it becomes necessary at any time to put more money in this bill, I want to plead with you not to put it in at a point where it will be used to pay salaries, but put it in at a point where it will liberalize the hospitalization facilities, and that is the point in these regulations where I hope the President will revise the regulations.

Now, I want to say this: I think any honorably discharged veteran of any of our wars who is destitute and in need of hospital treatment—if there are available Government hospital facilities, the door ought not to be closed against that veteran. [Applause.] I hope and believe that the President will modify his regulations so that they will permit that to be done.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. WOODRUM. I yield to the lady.

Mrs. ROGERS of Massachusetts. I was under the impression that the Budget stated that it would require an additional \$8,000,000 to keep the regional offices open.

Mr. WOODRUM. That is not my information. Nobody can tell until we know something about the regulations what will have to be done. Undoubtedly they are going to be diminished because thousands of veterans are going off the roll, and of course regional activities are going to be curtailed.

Mrs. ROGERS of Massachusetts. Does the gentleman know how many vacant beds there are in hospitals at the present time? I know that before the economy bill was passed there were about 3,300 vacant beds in the hospitals, and I understand now there are about 14,000 vacant beds. Cannot the men be kept in hospitals? I understood before the economy bill became law that the men now hospitalized would not be discharged until they were well.

Mr. WOODRUM. I cannot give the exact number.

Mr. TREADWAY. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. TREADWAY. I want to ask the gentleman whether in making up the estimate of \$77,000,000 plus any consideration was given to the question of whether or not the regional offices would be abandoned?

Mr. WOODRUM. In a statement filed in the joint hearings on the economy bill an item of \$8,000,000 was included for regional activities. The gentleman knows that that is purely an estimate. Nobody could possibly say with any degree of certainty what effect the new regulations were going to have.

Mr. TREADWAY. I want to ask the gentleman if he does not think that the veteran would be benefited from a persuasive and humanitarian point through the regional office rather than by correspondence from Washington?

Mr. WOODRUM. There is a difference of opinion as to whether or not it would not be advisable to centralize all the activities in Washington. I do not believe that we should expend money unnecessarily on these regional offices but should expend the money directly for the benefit of the veterans.

Mr. TREADWAY. May I illustrate my point by a little geography? My district is 100 or 150 miles from Boston. We had at Springfield a useful branch of the Boston office, but it has been closed, and the veterans now have to go to Boston. Now, if the Boston office is abolished, will it not be to the detriment of the veterans to have to carry on their correspondence with Washington, rather than taking their cases up personally with the present regional office? The men from my district have been going to Boston for physical



examination and the correspondence has been carried on with Boston.

Mr. WOODRUM. That may very well be taken up by the administration.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. WEIDEMAN. We have the same situation in Detroit. We have a regional office in Detroit, and we hope that it shall not be discontinued.

Conditions were very unsatisfactory concerning the adjustments of cases through the Washington office. The Detroit office is functioning much better than the office at Washington, and it is far better for the veterans and for the Government that the Detroit regional office be continued. It is my further wish that the empty beds in Government hospitals be thrown open to the use of needy and sick veterans, and that they not be allowed to lie idle.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. COLMER. For the benefit of the membership and those interested in the regional offices, will the gentleman not explain that it is his understanding that it will be the policy of the administration to leave the nucleus of a regional office at Government institutions in those States where they have Government institutions for the purpose of direct contact?

Mr. WOODRUM. Where there are veterans' hospitals or administration hospitals or homes, it is the purpose of the Veterans' Administration to leave a nucleus there to take care of pending cases, and in other points where it is necessary to continue regional offices they will be continued. [Applause.]

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman, I rise to speak on behalf of those who are interested in Federal appropriations, and to say that never in my experience has a bill like this one been brought before the House. It is to the great credit of the House that a large reduction has come about. This independent offices bill was passed originally last session in both Senate and House carrying an appropriation for the fiscal year 1934 of \$1,004,000,000. It was vetoed by President Hoover. The amount carried in the present bill for 1934 is \$535,000,000, or a difference of over \$460,000,000 in reductions.

Last session I favored, as did a great many others of the House, a proposal permitting the President to make bureau consolidations and reductions in expenditures. That right was not agreed to by a majority of Congress at that time. Both sides of the House this session have agreed to a like bill and—with the President of the United States, who is our President as well as yours—Congress is making many needed reductions. We do not all agree with all the terms of this bill or any other bill. Like many of you, I question some reductions that have gone into the veterans' item and other controverted matters, and yet something had to be done. The chairman of the committee assures us that a review of these cuts will be made by the President to prevent injustice to veterans. I am hoping, if so, to support the bill, and in any event, I commend the gentleman from Virginia [Mr. WOODRUM], chairman of the committee, who has put an enormous amount of work on this bill as well as on appropriations generally. Also I congratulate the gentleman from New York [Mr. TABER], leading Republican member of the Appropriations Committee, who has labored hard though sometimes ineffectively in the past, because he was not supported by the House as he should have been, but who has been of great value to Congress in the work performed on the Appropriations Committee. One of the best compliments I have received at any time in my legislative experience came recently from the gentleman from New York [Mr. TABER], who invited me to join with him in his work on this Appropriations Committee. I would have gladly done so if another assignment had not been made.

I say this especially in regard to the bill before us which helps materially to balance the Budget, and believe as an outsider I have right to mention these great reductions, because I have taken active part in the past in reductions of what were believed by action of the House to be unnecessary and large wasteful expenditures by the Government.

I spoke briefly the other day in regard to severe criticisms which come from the press continually in respect to the actions of Congress. We are criticized on everything from official franking to the new House Office Building. Such criticisms, if unjust, are destructive. Some of the Members have moved over into the new building, where two rooms now provide for clerks, stenographers, telephones, and all visitors. Heretofore all have been jammed into one room. An authorization for that building went through Congress 4 years ago for \$7,500,000, and I mention this simply as an illustration of what I have in mind. That amount has been reduced by Congress, and a saving of something like \$1,400,000 has occurred in the cost of that one building and furnishings. Those who represent us on the various committees deserve credit for such savings. I believe a fact like this should be given publicity by the press, but that rarely occurs, because broadcasting discontent seems more popular with a portion of the press and words of praise rarely occur. Gross injustice has been done Congress in both Senate and House by members of the press, owing to hurried judgment or frequent disregard for those who are unable to correct misstatements. Not 10 percent of the press has engaged in injustice, but that 10 percent makes much noise by continually hammering Congress without any opportunity given for meeting unjust criticisms. I wish to offer brief suggestions to disclose the extent to which some of these unwarranted criticisms extend, but at the outset I wanted to say a word of deserved commendation for the splendid work of the committee. [Applause.]

Mr. Chairman, no Member will willingly enter into controversy with any reputable paper or newswriter. Public officials are always subject to just criticism, but during these days of world-wide business distress, sensational writers and metropolitan papers unjustly denounce Congress because possibly it is a shining mark for flippant, captious writers who know those assailed cannot well answer.

Imitators of the metropolitan press have taken the cue, and I submit a case in mind, for illustration, where Congress is constantly lampooned and Senators and Members are intimated as unworthy of trust or confidence.

Such charges undoubtedly present a case involving the privileges of the House, but no resolution is offered under the rule, leaving the facts and record submitted to speak for themselves.

I have been urged in this case to reply to constant libelous criticisms against the American Congress from a writer and publisher in my own State. With regret I break a rule not ordinarily to answer false charges against Congress as a body or against myself personally. Gross slanders against the Senate and House, however, injure public confidence in officials, and the patience of those maligned may be misinterpreted for fear.

Merlin Hull, a small-newspaper publisher of my State, writes such slanders every week, which are published by his own and a number of other papers. Old enough to know better, Hull sought public office some 30 years ago, and since that time has been a perennial candidate for office.

Defeated by discriminating constituencies in four attempts for Congress, in different districts, and again defeated for a State office, he publicly asserts if he can win once out of 3 times, not yet attained, it will financially repay him.

Blanket libelous charges against the American Congress by his weekly letters published in several papers have a yearly circulation equal to a 1,000-page printed book distributed annually free of cost and presumably read by many thousands in family papers also carried mail-free in counties where published. Based on a 1-term experience some years ago, Mr. Hull's letters, written in Black River Falls, Wis., purport to come from Washington, and he professes



to speak with intimate knowledge of Congress, insinuating grafting, cowardice, and improper practices found among Senators and Members. Briefly, I desire to discuss, among other matters, the motive and methods of Mr. Hull, together with the record.

Let me say personally that for over 20 years it has been a privilege to serve my district and State continuously in the American Congress, and from generous statements by colleagues this extra session I have taken full part in legislative work. Prior to congressional service it was my privilege to serve in the assembly and senate of my own State, and at the request of the then noted governor actively to aid in handling the progressive laws Wisconsin then passed. Activities of several parliamentary bodies in foreign countries have also been personally witnessed and studied in an effort to compare those bodies with our own.

Speaker Clark during the World War said the Membership of this House in character, ability, and legislative service measured up with any other Congress known to him. As a humble Member I would modestly say from the sidelines the same of this House, confronted as it is by an unprecedented national and world-wide depression, akin to war, that demands nonpartisanship and courage to a high degree. Men of ability and character constantly drop out, but others step into their places, and these newcomers preserve the standards of this great body. Critics not privileged to know facts from the inside often pass hasty judgment, but I firmly believe that in honesty, patriotism, and courage high standards have been maintained and that 95 percent of those elected to the American Congress, each chosen from among an average of 300,000 constituents, measure up to these requirements—not claimed to be supermen, but men well equipped for the high offices they hold.

May I add that service on different committees, including for many years the powerful Ways and Means Committee, gives fair opportunity for measuring abilities and character of Members. For illustration, three former members of my committee within 3 months have acceptably filled the high places of Vice President of the United States, Speaker of the House of Representatives, and Secretary of State, the latter the highest office in the President's Cabinet. From that committee also was taken the last preceding Secretary of the Treasury. Diplomats, judges, and other responsible officials have been and will be taken as of old from the same congressional ranks. No better gage of the personnel of this great legislative body can be offered.

Senatorial qualifications have been maintained at the same high standard as when in my boyhood days I haunted the House and Senate galleries listening to so-called "congressional giants" of the past.

THE AMERICAN CONGRESS DESERVES THE RESPECT AND CONFIDENCE OF EVERY CITIZEN

During my membership of the House I have been jealous of its good name and of the high standards of Members chosen from 48 States to this body, nor have I hesitated to defend it from scurrilous attacks that might lessen the confidence of the American people whom we represent.

When the so-called "National Security League", a hypocritical band of libelous egotists, attacked the Membership of the House and Senate during war times with inflammatory charges, I drew and urged in the House a resolution of investigation that was unanimously passed by the House and, with the aid of Speaker Clark and Members on both sides of the aisle, we unmasked cowardly character assassins working under the name of patriotism.

Legislative and financial interests and motives behind the un-American gang of character assassins were exposed, and the high-sounding guardian organization of America was then kicked into oblivion.

As an individual Member of the House I later introduced a like resolution demanding investigation of false charges carried by the press claimed to emanate from Governor General Wood, of the Philippines, that unnamed Senators and Members had accepted bribes for favoring independence of the islands.

Governor Wood cabled back repudiating the statement published by many American papers and said categorically he knew of no improper influence either by Filipinos or any Senators or Members. The infamous published charges, like the boy's hundred cats fighting in the back yard, turned out to be one ex-Member legitimately employed before legislative bodies in his proper capacity as a private citizen.

Not as an especial champion of the House, but as one of the 435 Members, I have occasionally answered unwarranted charges brought by sensational press writers or scandal-mongers, and when so doing have offered any evidence of undisclosed motives for charges that were to be exposed.

Members of the Senate and House have no redress against powerful press agencies or private parties that libel Congress generally, and the public often believes unsupported slanders when regularly repeated and undenied. The press is fair as a rule, and it is only the unfair writer that seeks to poison the public mind.

A CONGRESSIONAL CRITIC REPEATEDLY DEFEATED BY WISCONSIN CONSTITUENTS

Merlin Hull, a broadcaster of discontent, has been 5 times defeated by Wisconsin constituents and 4 times defeated for Congress by a discriminating constituency. Some years ago he served one term from another district.

For a long period he has been writing weekly letters published in his own weekly paper and also sent to a dozen other papers, practically all of which letters intimate or denounce in specific terms Senators and Members as grafters and cowards. Defeated for return to Congress by my colleague [Mr. WITHROW], after two previous defeats by Congressman Beck, and after his county's removal to my district, he was again defeated last year. With this part of Hull's political efforts the House is not interested, but in order to secure favor by poisoning the public mind in the new district he continues weekly denunciation of the House and Senate whether Congress is in session or not. The "only soldier keeping step", he is mystified why he is not sent to Congress so as to have 1 honest man among the 530 national legislators he condemns. Fifty columns annually of congressional abuse printed in his own paper and 10 times that space in other papers that carry his weekly wails of discontent warrant a brief statement of Mr. Hull's record, methods, and motives.

From his little home town, 1,200 miles distant from Washington, Hull pretends to write from Washington his weekly criticisms of Congress, whether it is in session or not.

Quoting from a recent letter on franking, he says:

The Post Office Department, in explaining its deficit, has been emphasizing the fact that Congressmen and Senators have sent out so many speeches and public documents that it cost the Government \$750,000 per annum to carry them. That is nearly \$1,500 per Member.

Repeatedly he has reiterated his opposition to the congressional franking privilege which he briefly enjoyed during one term without protest. At the same time he misleads 4,000 readers of his weekly Banner paper that enjoys free mail privileges and also some 20,000 or more other readers who are furnished his complaints against Congress by weekly letters he sends to other Wisconsin papers.

Mr. Hull's protests against any use of official franking right is to stifle answers to his continuous venomous articles. He follows the example of some daily newswriters in declaring that the CONGRESSIONAL RECORD is a needless expense and that extended remarks of Members discussing public questions are valueless to these well-informed newswriters. Only one side of the picture, however, is presented, because like Hull's free Government mail, these daily newspapers alone occasion an annual postal deficit to the Government reaching more than \$36,000,000, an important item in Budget balancing.

If the President pursues his promise when the postal rate bill was recently passed, he will need no microscope when looking for leaks in our postal deficits nor will the reading public necessarily suffer if extended editorial remarks and instructions to Congress are reduced by the ax of the Budget Director.



## COWARDICE, GRAFTING, AND EXTRAVAGANCE ARE AMONG HULL'S CHARGES

In January of this year Hull's letters denounce Congress for refusing to reduce salaries to \$5,000 annually, although during his one brief term Mr. Hull and family were paid at the rate of \$15,000 annually, as later appears. He says:

With all the pages of the CONGRESSIONAL RECORD \* \* \* no committee has reported in favor of reducing the cost of Congressmen from \$9,000 and mileage to \$5,000 per year, which was the 1914 level. \* \* \* Almost unanimously Congressmen are all agreed that \$9,000 for Congressmen is not extravagance, as they are that \$5,000 per annum would not be the proper kind of economy.

Hull is not saying this to Congress but publishes these distorted statements to many thousands of uninformed readers through a dozen weekly papers. Another recent characteristic weekly letter from Hull says:

No Congressman is going to read the Army appropriation bill to his audiences. Congressmen never brag about appropriations except those they secure for their districts, their own little part of Government pie. \* \* \* It will be interesting to watch the sidestepping and dodging of Senators who are attached to the wires. \* \* \* Congress listened to the propaganda mills of the Eastern press as well as the soft voices of the lobbyists sent to Washington. \* \* \* Some day Congress will be forced by public sentiment to open up income-tax matters and let the people know.

Another weekly letter recently published by Mr. Hull in numerous papers in northern Wisconsin says:

Congress authorized buying a second-hand office building in New York for \$15,000,000 only valued at \$7,000,000. \* \* \* It is likely that were all those connected with the project brought into the limelight and a full exposure made that Senators who helped it along might find themselves in an uncomfortable situation, but no move has been made to bring discomfort to them.

Unnamed Senators he intimates are grafters discovered at his Black River Falls home, 1,200 miles away.

Another letter from Mr. Hull to a dozen papers says:

What has happened in the past 12 or 14 years \* \* \* In 10 years the American people, through the crookedness of international bankers and other grafters, have lost \$50,000,000,000. If there is any lack of confidence in our Government, it is due to the fact that the Government fails to protect from their continued thievery. Congress must have overlooked the fact when it accepted the advice of the money lifters and dropped the investigation.

"Grafters" and "Congress" are equally culpable in Hull's malicious charges. From another Hull poison-pen weekly letter to a dozen papers:

The President's program is broad, but it has not yet included any suggestions as to congressional barber shops and free shaves for Senators. He may conclude to let Congress have its own way.

This from a man who knows that no such perquisites have ever been given to Members.

Congressmen are not idle about their political fence building \* \* \* the high cost of explaining by Congressmen keeps up even in the depression. \* \* \* Some Congressmen seem to think everybody is thick-headed who questions them.

A political mud slinger defeated four times for Congress, so says Hull of a body of which he has ever sought to become a Member.

Congressionally dishonest implication from another of Hull's letters to a dozen papers:

Congress keeps right on adding to the big Government machine, but seldom does it take out a cog or a wheel; \* \* \* the fact that the American people, millions of them, cannot pay their private debts seem not to have been properly weighed by the congressional forces. \* \* \* After appropriating \$36,000,000 to the coffers of steamship companies a few weeks ago Congress will now investigate. It will enable those Congressmen who voted for the appropriation to say that Congress is looking after the whole matter.

In his campaign of untruths and half truths Mr. Hull "forgot" that on a former annual postal bill, when hailing from the Wisconsin district, he voted for like long-term postal contracts, later discovered, and he also voted knowingly for some \$34,000,000 annual "daily paper" mail losses and \$8,000,000 "free in county" paper losses, including his own Banner free mail, and a \$700,000 official franking bill he now denounces. He will probably now deny the record.

Extract from another Hull weekly scavenger letter to a dozen papers:

The cost of maintaining a Senator is about \$20,000 per year more than that of keeping an ordinary Congressman in operation.

And from another poison-pen letter:

Some Congressmen refer to use of the franking privilege as educating the public. The public is paying a high tribute for a biased form of instruction. One may read all the speeches in the RECORD without finding one reference to deficit of restaurants.

Another besmirching Hull letter to a dozen papers says:

Were congressional leaders to outline further legislation for increasing taxes and balancing the Budget, \* \* \* able to see the farm question at all, they might have an inclination to do something. Many of these are able to see nothing but the lobbyists to press one project or another upon them.

Every Member knows such statements are false and ridiculous, but the readers of Hull's weekly gutter sweepings do not know that fact, and his constant political appeals to "farmers", he believes, brings political assets. Hull assumes they do not know the facts and expects they will remain ignorant of the truth.

From a weekly letter about April 13, 1933, by Hull, 1,200 miles distant from Washington, to many papers:

Congressmen and Senators are voting largely as they are told to vote, as they try to get their bearings. \* \* \* Big lobbyists always play for time \* \* \* political bosses are scared, and so are politicians in Congress who are looking forward to next election day, and not even a big banker can scare a Congressman into a vote that will cost him his job. "Job safety first" is the slogan of many Congressmen, and few there are who forget the slogan.

Hull's own corrupt associations in the past are indicated by this picture of the American Congress. No lobbyist has approached me or 9 out of 10 Members of the American Congress, so far as learned, to discuss or ask for a vote for or against any bill this session or last. We know the false, libelous character of Hull's many vicious articles, only a few of which can be quoted; but the readers of his repeated charges and insinuations back in northern Wisconsin do not know.

The Black River Falls fault-finding letter writer on Congress writes last week to northern Wisconsin papers:

The statesmen at Washington are always liberal with Europe's warring nations, when it comes to discounting the debts and let our taxpayers make up the difference. \* \* \* European silver shines more brilliantly to senatorial eyes. \* \* \* What our country has lost on European war debts would pay the bonus several times.

In passing let me say I served 16 years in the Regular Army and Wisconsin National Guard, and know what that life and small pay mean. That relates to the "bonus." I voted against the war that produced the European and our own enormous debts, and have always supported every relief measure offered for the veterans. By armed force alone can European nations be compelled to pay "lost European war" debts. Congress has ever opposed their cancellation.

Mr. Hull poisons the public mind against statesmen at Washington who, he alleges, are "always liberal with Europe's warring nations when it comes to discounting the debts and let our own taxpayers make up the difference"; "European silver shines more brilliantly to senatorial eyes"; and so forth.

Extracts from printed letters here cited among scores of others indicate Hull's malicious weekly dropping of poison to thousands of readers. Whether Congress is in session or not, for 52 weeks in the year Mr. Hull assails Congress for doing or not doing something. He professes to speak for the "farmers", the "public", "taxpayers", and others in his long-distance challenges to Congress, although Hull never discusses such matters from the same platform with those who know the facts.

## THE OFFICIAL FRANKING AND FREE MAILING LAWS

Constant denunciation by Mr. Hull of official franking authorized by law for over half a century overlooks his own newspaper's free mail service which far exceeds in amount the average Senator, or Member's use of franking rights.

This free mail service in Jackson County he forgot to mention to his home readers during the past 30 years.

On April 20 I urged a 2-cent first-class postage rate on all first-class mail in House debate after previously offering the same amendment in committee and then placed in the RECORD an important official statement received from the Post Office Department, which is as follows:

Postal receipts and expenditures, fiscal year 1932  
[In millions of dollars]

	Revenue	Expenditures	Profit	Loss
<b>Mail matter:</b>				
First class:				
Other than local.....	223.8	211.0	12.8	
Local.....	86.5	65.7	20.8	
Air mail.....	6.0	23.8		17.7
Total first class.....	316.3	300.5	15.9	
Second class:				
Publications exempt from zone rate on advertising.....	2.1	19.0		17.0
Zone-rate publications:				
Daily papers.....	9.8	46.2		36.4
Papers other than daily.....	1.9	13.5		11.6
All other publications.....	8.0	26.7		18.7
Free in county.....		8.6		8.6
Total, publishers' second class.....	21.8	124.0		102.3
Transient.....	1.4	1.3	0.1	
Total, all second class.....	23.2	125.3		102.3
Third class.....	50.7	79.6		28.9
Fourth class.....	113.6	146.3		32.7
Foreign.....	18.0	46.4		28.4
Penalty.....		9.8		9.8
Franked.....		.7		.7
Free for blind.....		.1		.1
Total, all mail.....	521.8	708.7		186.9
Special services (registry, insurance, c.o.d., etc.).....	50.2	81.0		30.8
Unassignable.....	15.1	3.8	11.3	
Unrelated.....	1.9	2.3		.4
Grand total.....	588.9	795.8		206.9

Attention is called to the last column and mail "loss" items reported by the Post Office Department, for it shows where the great loss to the Government occurs. One item alone of "daily papers", deficit of \$36,400,000, is 50 times the \$700,000 cost for all departmental and congressional franked mail combined. Free-in-county papers, it will be noted, brought a deficit of \$8,600,000, whereas all franked mail was only one twelfth the free-in-county deficit. Franked-mail deficit of every character, according to the Department, reached only "one tenth of 1 percent of the postal expenditures."

#### DEPARTMENTAL AND CONGRESSIONAL OFFICIAL FRANKING

Quoting from my speech of April 20—

It has been constantly stated that "franking" accounts for the large losses reported by postal authorities. Broadcasters of discontent aimed at 96 Senators and 435 Representatives for that reason have denounced the Congress repeatedly.

Not one paper or newswriter in 10 is unfair, and few papers in my State abuse Congress, but a candidate for Congress (Mr. Hull) uses a poison pen every week. Yet the loss in postal rates from his paper and others is 12 times the cost to taxpayers of all franking privileges as stated, for all Departments and Congress combined, as noted from the postal statement. Free-in-county newspapers are carried free excepting where delivered by carriers.

These small papers could not exist in 90 percent of the cases if it were not for free-in-county postal advantages extended to them by Congress because of educational aid, but caustic criticisms assert Members of Congress are causing this great postal deficit, although the entire franking for all purposes is less than one tenth of 1 percent of the total.

From Mr. BEEDY and others in that same debate, I quote:

Mr. BEEDY. Inasmuch as reference has been made to barber shops and restaurants it is time to make it a matter of record that there are no free barber shops at this side of the Capitol, and Members pay for everything they eat at the restaurant; in some instances higher than elsewhere.

Mr. BLANTON. I am glad, Mr. Speaker, that our good friend from Wisconsin [Mr. FREAR] in his speech clearly brought out the fact that frankable mail is responsible for only one tenth of 1 percent of the deficit. \* \* \* Much franked matter by all the executive Departments should not be franked. \* \* \* As a matter of fact, Congressmen have reduced their salaries 15 percent, or \$1,500,

in addition to a reduced term of 2 months voted by them, which meant an additional \$1,500 reduction, or a total of 30 percent \* \* \* Congressmen have reduced their mileage 25 percent and their clerical hire \$750 per annum.

Mr. Hull's paper, the Banner, with 4,000 weekly circulation, has been carried by the Government free of cost through the mails for 30 years, excepting where delivered by carrier in his own county. His denunciation of Congress in his own and other papers sent weekly through the mail to his readers, if letter postage were paid, would cost him around \$10,000, or more, annually for the same postage rates paid by the "farmer" he pretends to defend. Carried by the Government free in the county, his own paper alone according to departmental statement, saved him from \$30,000 to \$40,000 during the past 20 years in actual profit to him.

Again quoting:

Like my friend from Texas [Mr. BLANTON], I hope on the same platform to meet this critic and answer some of his criticisms against Congress. This is not offered as a challenge but a mild protest against a constant stream of abuse directed at the American Congress.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. FREAR. I yield; certainly.

Mr. BLANTON. I want to ask my friend if it is not a fact that the small cost to the Government of franking by Members of excerpts from the CONGRESSIONAL RECORD does not bring the best results of any money this Government spends? If it were not for the privilege of Members' sending the actual RECORD to their people, the press, sometimes antagonistic, could ruin any man in Congress.

Mr. FREAR. I have so stated, and given an instance of one critic, Mr. Hull, in my own district who, through his weekly letter, carried through his home county at taxpayers' cost, as stated, denounces the American Congress in every weekly issue he sends out. However, he complains constantly about the franking privileges enjoyed by Members of Congress, about free meals, free shaves, and incompetence of a Congress of which he was once a brief Member and knows the falsity of his charges.

Before attempting to answer malicious criticisms against the American Congress by Mr. Hull, a flattering picture of Mr. Hull is sketched by himself over what he did (?) in his one short term some years ago in Congress.

#### MERLIN HULL IN A FANTASTIC FAIRY ROLE, WRITTEN BY HIMSELF

Last summer in an effort to change his four defeats for Congress to a possible victory, using several hundred thousand pieces of different kinds of mail for ammunition, printed by his own Banner paper, Mr. Hull glorified himself with self-praise, appealing especially to farmers but sent to every voter in the new district. One pamphlet says:

Farmers remember it was Merlin Hull who stood alone in the fight on the floor for increased protection to Wisconsin dairy products when the Hawley tariff bill came up. There were other Congressmen from dairy districts. They did not think the fight worth while. He did.

Mr. Hull says he alone out of 435 Members stood upon the burning deck and fought for the dairy interests. That Baron Munchausen fiction is indicative of Hull's general letter writing. Continuing, he says:

They [the farmers] also remember that it was Merlin Hull who made the drive in the House of Representatives to stop feeding oleomargarine to the soldiers in the Army and veterans in soldiers' homes and hospitals. Not another Congressman from dairy sections aided him in that fight.

More likely "not another Congressman" knew Hull was there at the time.

Mr. Hull sent 100,000 or more of these particular circulars into his new district, in which he said what the "farmers remembered" of Merlin Hull.

Probably not 5 percent of the Senators or Members among the 530 then in Washington knew that Merlin, a rookie in the rear ranks for one term, existed. Certainly they did not know he was "leading any fight." The farmers, whom he pretends to champion, could not know or remember that Merlin, who has been quoted on the \$5,000 annual salary for Congress, was always early at the window drawing down \$10,000 a year as a one-termer in Congress. The farmers could not then and do not now know or remember that Merlin was also receiving from Uncle Sam \$1,500 to \$2,000 annually for free-mail carriage for his weekly Banner.

The farmers could not then know or do not now remember that Merlin's family was on the rolls for \$5,000 annual clerk



hire, and he was also then using the congressional franking he now denounces, and, in addition, all travel pay, stationery, allowances, and other perquisites, since then cut down—without one word of protest from Mr. Hull. Nor did the farmers know that all the free shines, free hair cuts, and free meals he writes about, if they ever existed, were to be had by Merlin, if so, and never once did he arise in wrath to protest them.

Every Member of Congress and all Senators familiar with his record know that Mr. Hull's statements of "fights" and his "drives" are without foundation, but disclose the monumental egotism of a man four times defeated for Congress by a discriminating constituency. No Congressman ever knew of Merlin Hull's claims, for they are both ridiculous and preposterous, as every Member knows, yet readers back home, unfamiliar with Congress, its rules, and Hull's record, may be misled by such palpable rot.

Let me say further, from personal knowledge, I was a member of the Ways and Means Committee that drew that tariff bill and in committee did everything possible to protect agricultural schedules and dairy interests. We raised farm rates in our committee, but not one amendment was permitted under the rule to be offered in the House; so, of course, Mr. Hull nor any other Member could offer one. I voted to send the bill to the Senate for amendments and in this was joined by every Wisconsin Member, excepting Hull, who neither offered any amendment nor by his vote would have permitted Senators in the Senate to do so. After securing all protection to be had for agriculture in the House and Senate, as urged by President Hoover, we voted against final passage of the bill because of its logrolling character that boosted other rates so as to nullify any gain to agriculture.

#### HULL'S DEFENSE OF A FOOLISH VOTE AGAINST THE FARMER

Hull sought credit for his foolish tariff vote by circulating a "resolution" that approved his vote against sending the tariff bill to the Senate. If successful by that vote he would have prevented additional dairy amendments later added by Senators Blaine, La Follette, and other Senators beyond those secured in my committee. Hull's vote was against the farmers and dairy interests of Wisconsin, and it was the only Wisconsin vote so cast. Hull's vote was inexcusable, and every other Wisconsin Member voted right.

The oleomargarine amendment to the Army appropriation bill—not the tariff bill—was supported by every Wisconsin and Minnesota Member, led in the House largely by Schafer, where the soldiers' home was located, and in the Senate particularly by Blaine, La Follette, and McNary, as I now remember. Every Member of the House familiar with the record, I am sure, will so agree.

Of the 435 Members of the House and 96 Senators, Hull, a novice, never had any voice on a single schedule of the tariff bill, dairy or otherwise, and his "drives", "fights", and personal bombastic glorification put forth years thereafter was to deceive farmers who could not be expected to know the facts, and whom he endeavored to bamboozle with his Banner and other weekly letters condemning the American Congress.

So much for Hull's word picture of himself with wings that, like Don Quixote, fighting windmills in Spain, was in his imagination alone, though oft repeated by him, according to report.

I have devoted time to the false statements of Mr. Hull against Congress and to the franking privilege, because official figures show, as stated, that his paper is one of those that help make up the \$8,000,000 deficit, or 12 times the cost of all departmental and congressional franking of official matter combined, and the latter only amounts to one tenth of 1 percent of the total.

#### MERLIN HULL'S ACTUAL COMPENSATION DURING HIS ONE TERM

Mr. Hull's indignation against Congress has been cited in his weekly letters because \$5,000 annual income was not voted by Congress this session. Nearly half of that amount is generally expended by the average Member for campaign expenses when a man of Hull's caliber with a private print-

ing press is an opponent, but the record is the best answer to Hull's salary outburst against the present Congress.

As stated, he was defeated by Congressman Beck twice for Congress; he slipped through for one short term when Beck ran for Governor, but thereafter Hull was next defeated by Mr. WITHROW in the Seventh District and was next defeated by myself in the Ninth. Four times defeated for Congress by three men. Not only did Hull draw down a full \$10,000 annual pay check during the one term he served in Congress, instead of \$5,000 he now advocates for Congress, but in the name of his immediate family, from the record, he absorbed an additional perquisite at the rate annually of \$5,000 for clerk hire. Full travel pay and other allowances, now reduced 25 percent, were also paid to Mr. Hull.

In addition to Hull's \$10,000 annual pay and \$5,000 family clerk hire and full pay for travel, stationery, and other allowances, he enjoyed the same official franking privileges that he now condemns in Congress, but never once objected to when he was in Congress that one term. In addition, for 20 years and more Merlin has had free mail service in Jackson County, as stated, with exception of carrier delivery, for his Banner, which, at rates paid by his farmer readers for postage, presumably would mean an additional income for his Banner of \$1,500 to \$2,000 annually, or \$30,000 to \$40,000 free mail for the Banner received by him during the last 20 years from that source alone.

Free haircuts, free shaves, and free meals Mr. Hull writes about frequently. If enjoyed by him as an extra perquisite, they would be helpful to his purse and with his carefully estimated profits. Merlin's income in the 2 years from all sources apparently reached around \$17,000 to \$20,000 annually. The average Congressman is not possessed of a free-in-county newspaper or of a family on the pay roll, or free shaves, meals, and so forth, but now receives around \$7,000 annually this term, due to reduction in pay, unemployment of relatives, and the average shortening of term voluntarily voted. Far less than one half of Mr. Hull's pay.

With Government payments noted and additional fees from foreclosure and contracts and police-court cases in Black River Falls these materially swelled Mr. Hull's pay, because, according to report, he has choked out all opposition from other papers in State, county, and private printing and secured the cream of the local legal practice.

#### HULL'S APPEAL FOR THE COW, TURKEY, AND HEN NOTED

Another recent weekly letter comment almost escaped attention when Mr. Hull wrote:

With all the demands for increased tariff rates and embargoes to help more employment to American labor, the Wisconsin turkey, the Wisconsin hen, and the Wisconsin cow seem to have no friend in court—(Congress).

Standing alone on the burning deck whence all but him had fled, Merlin views with alarm the failure of 530 Senators and Members to save the above-named animals and birds. This Black River Falls scribe tells the farmers what he would do as a friend of the cow, turkey, and hen. He was in "court" once on a time but failed then and would fail now because Congress never knew he was an especial champion of any of these objects of his new-found interest.

Mr. Hull's weekly letters guardedly discuss the wets and alleged inconsistency of Members of Congress on this and other issues. An able Illinois colleague said to me: "When Hull came to Washington he was heralded as a 'regular' of regulars but before he left he was found impossible." I had not followed his record, but a leading Progressive of my State, equally prominent, said, although Hull occasionally voted right, possibly by accident, he was not a Progressive and no one could work with him.

A wet-and-dry record he criticizes in others confronts Mr. Hull, the denunciator of Congress. In Barron County he was generously advertised by the press, and on marked ballots ran as the driest kind of a "regular" last year. In Buffalo and Pepin Counties at a Sunday wet (Hull) gathering those present agreed that Hull's name should appear on



a marked wet supposedly "progressive" primary ballot. This I am informed did occur at the primary in those counties.

#### NEW PERMANENT GOVERNMENT BUILDINGS EXCITE HULL'S HOSTILITY

In his weekly letters, not quoted, Mr. Hull, of Black River Falls, still 1,200 miles away, finds frequent fault with Congress for contracts he helped authorize over 4 years ago on the New House Office Building, built so that Members may have two rooms for themselves, their clerks, typewriters, visitors, and telephones, all of which heretofore have been housed in a single room. Yet while Hull was "fighting" and "driving" Congress in his wild imagination, he was authorizing the New House Office Building which he now condemns.

Another Hull weekly letter dealt with the underground garage for Senators under the Senate Office addition. He castigated the Senators because they did not park on the streets. Here, again, from his descriptions the farmers and other people back home visualize all the gorgeous settings graphically pictured by Hull. I am not here to defend extravagance, but to report that a saving of \$1,219,745 by Congress in estimated cost of the New House Office Building, as authorized by Hull, and a saving of \$172,000 out of \$400,000 authorized for furniture which he likewise is greatly distressed about. Plans were not drawn by Congress but by Government architects, and Congress by holding down expenditures made a saving of \$1,391,745 on these two items. This is the official report.

One word more as to Mr. Hull's faultfinding on any and every occasion with insinuations of grafting, extravagance, cowardice, and worse by Congress. Hull's quarters when in the \$7,000,000 capitol at Madison, Wis., years ago were elegant and sumptuous compared with offices and furniture in the new or old House Office Building and more than anything possessed here by Members of Congress.

I know this to be so, because I have occupied both and he has not. Again when the architect's request for \$760,000 was made with which to provide two rooms for each Member in the old House Office Building in January 1932, I offered an amendment to reduce to \$60,000 cost of remodeling, which would then give all Members double the rooms and conveniences furnished Congress for 20 years. My amendment was defeated, but upon my urgent request Governor MONTAGUE, Member from Virginia, offered my proposal on a motion to recommit and it was agreed to and passed by both Houses and is now the law, saving \$700,000 on that one item to the Federal Treasury, or enough to pay the entire cost of franking privileges for all official documents during 1932.

I claim no especial personal credit for savings to the Treasury, but actively helped specifically with several river and harbor, public-building, and flood-control bills that were cut down, reaching a total saving of many hundreds of millions of dollars and sufficient to pay all the salaries of the Presidents of the United States and all Senators and Members of Congress from the time of the adoption of the Constitution in 1789 to June 1, 1933, together with the entire cost of the New House Office Building in the bargain. This is not said boastfully but to advise Mr. Hull that others are here on the job to do what he never attempted or thought of doing.

Important cases in court are not decided by unsupported witnesses, prejudiced in their own favor. That is especially true where the important witness in his own behalf has been rejected by different constituencies. Corroborating testimony on which every jury makes its findings should be offered.

In all fairness Mr. Hull should furnish to Congress and his State evidence to outweigh the four defeat verdicts against him; also because of his approximate \$30,000 1-term family clerk hire and salary and perquisites; his demands on Congressmen to reduce their pay to \$5,000 annually; also his \$30,000 to \$40,000 free mail to his Banner concealed from farmers and other citizens by constant frothings against a 50-year-old official franking law.

No Senator or Member in Congress familiar with the record I predict will vouch for a single claim Mr. Hull has made of "drives" and "fights" he conducted or even participated in. Congress knows the truth, but 100,000 district voters, including the "farmers", "taxpayers", and "public" he assiduously cultivates, do not know, beyond his own bombastic claims.

#### UNSOLICITED TESTIMONY OF A FEW NATIONALLY KNOWN WITNESSES

Mr. Chairman, the right of personal privilege and privilege of the House is invaluable. Libel and slander have penalties reached by courts, but public bodies and public officials cannot resent unjust criticisms. It is the duty of every Member to purge this body of those who would bring discredit upon it and to defend the National Congress and Members when unjustly assailed. Public confidence in these days of national distress is imperative. My colleagues will accord me that purpose in the facts presented and recent Members can understand weight to be attached, from brief extracts offered of opinions by others whose belief in my own judgment invites your confidence. Such opinions, after all, are the best rewards of service. Among these I submit—

You are not afraid to fight, and you know how to fight. You were a vital factor in saving the Government close to \$500,000,000. I know how important and valuable your aid was, and so did President Coolidge. (W. F. Kopp, former member Flood Control Committee and chairman of Labor Committee, Feb. 17, 1933.)

I know what a brave and single-handed fight you made for years for justice for the Indians. (Harold L. Ickes, Secretary of the Interior, Apr. 22, 1933.)

Mr. President, the sales tax was practically defeated in the House largely under the leadership of a Member of Congress from Wisconsin. Representative FREAR. (Senator La Follette, Sr., in Senate debate.)

You have proven yourself to be a real representative of the people. I especially appreciate your fight on behalf of the farmers and labor \* \* \* also on the fearless fight you have made toward reducing Federal expenditures \* \* \* the progressive voters of your State and of the Nation appreciate the good work you have done \* \* \* (LYNN J. FRAZIER, United States Senator, June 23, 1932.)

\* \* \* I approve of practically every position you have taken on public questions \* \* \*. I sincerely hope you will be successful in your campaigns \* \* \* and thus the farmers have your services in Congress \* \* \*. (John A. Simpson, president Farmers Union, June 11, 1932.)

I congratulate you progressives \* \* \*. There was removed from the Ways and Means Committee (later returned) Mr. FREAR, the biggest and bravest of them all. You dared not face in committee \* \* \* or on this floor the arguments he could present. (Record of debate, December 16, 1925, Mr. RAINEY—now Speaker of the House.)

Several corroborating witnesses, among many received, are quoted from the standpoint of legislative service to evidence some understanding is had of unwarranted and unsupported strictures by Hull on Congress.

As much as I dislike his methods, it is not personal, because Mr. Hull's unjust criticisms and glaring misstatements against Congress answer themselves to all those familiar with the facts.

If arrangements can be made in Jackson, Clark, and the 11 counties I represent in my State for mutual discussions with Mr. Hull on the same platform, I will try and answer him personally, not to compete in a continuous campaign performance attributed to Mr. Hull or to recriminate with slander, but to place facts and records before those who desire to know. Only one issue is vital to the American people. Personal and political ambitions are unimportant, but the country's right to a clean, strong, patriotic Congress is supreme. That Congress they have now.

Mr. TABER. Mr. Chairman, for my own part I am not going to make much comment with respect to the amounts carried in this bill. Some of the items, I believe, could be cut further than they have been. I believe after the bureaus have had an opportunity to work out and give us a picture of what they are going to do, we will be able to do some more cutting. There are some items which I tried to have cut some more, but I did not get very far in the committee, and I probably would not get very far if I attempted to bring about such a cut on the floor of the House. With the set-up we have now, we will be able, when we come back here in January, to tell a lot better where we "are at", and I



hope, if the Budget does not cut certain items down, we will be able to do it on the floor.

I think the Federal Power Commission can be cut some more. It has been cut down to \$210,000.

I think the Federal Trade Commission, if it does what it says it is going to do, can complete its power investigation and that we can cut that Commission from \$250,000 to \$500,000 without hurting its efficient administration.

I think the Interstate Commerce Commission should be able to organize itself so that it can do the bookkeeping under what they now call their Recapture Division, with recapture cut off, for \$500,000 less than the \$1,000,000 it now requires.

I think the Civil Service Commission can get along with a considerable amount less than the million dollars that we are now giving them. If I mistake not, the demand of the people is going to be toward curtailment of governmental activities. The result of that will be that there will be a tremendous pool of surplus employees who will be available for assignment to almost anything that is to be required of them.

I believe, with that picture staring us in the face, we are carrying too much for them now.

The Shipping Board, I understand, is to be in a position, with the reorganization, where we should be able to trim off a great deal of what that is costing.

The Federal Radio Commission is still costing us \$620,000. I believe that Commission ought to be able to get along with less money. It did cost us \$856,000 for the current year, and we ought to be able to save \$150,000 there.

Now, with reference to the veterans' situation, I am going to speak for a moment or two on that, and then I am going to talk to you for a little while on the legislative provisions of the bill.

The President was given the power by the economy bill, which was passed early in the session, to revise by regulation the pensions which are now being paid to veterans, and to make certain provisions with reference to them. He has done that. Whether those provisions are going to work right or are going to work wrong I do not know and you do not know.

Mr. BLANCHARD. Will the gentleman yield for a question?

Mr. TABER. Yes; I yield.

Mr. BLANCHARD. The regulations, of course, are the result of the Economy Act, and the appropriation is the financial set-up to carry out the regulations.

Mr. TABER. Certainly; that is correct.

Mr. BLANCHARD. In the event the President, having the authority, should discover that injustices are being done, he necessarily would change the regulations, and that might change the financial set-up. Is that not correct?

Mr. TABER. That is correct.

Mr. BLANCHARD. Would the President have the power to expend money and carry it in some deficiency appropriation bill?

Mr. TABER. He would have the power under the appropriation we are carrying in this bill, if he changed the regulations, and those regulations called for more money than is carried here, to go ahead with it. If there was not enough money to meet the expenditures that would be required under the amended regulations, he would be able to come to us next January when we meet and ask for a deficiency. I expect that that deficiency would be granted by the Congress.

Mr. RICH. Will the gentleman yield?

Mr. TABER. I yield.

Mr. RICH. If there was a deficiency in one department, he could transfer funds from another department if he thought they were not necessary there, could he not?

Mr. TABER. No. He can transfer funds within a department but not from department to department. He could transfer funds within the Veterans' Bureau, but there is no possibility, with the set-up which we have in this bill, of there being a shortage of enough money to carry us through until Congress meets in January.

Mr. RICH. They have given the President sufficient power that he can conduct the affairs of this country during the intermission of Congress, until next January?

Mr. TABER. Beyond any question; yes.

Mr. DOWELL. Will the gentleman yield?

Mr. TABER. I yield.

Mr. DOWELL. Some questions were asked with reference to the regional offices of the Veterans' Administration. Can the gentleman give the committee the policy that is to be adopted, with reference to the continuation of those regional offices, if he knows?

Mr. TABER. We were told in the committee, and it appears in the hearings, that appeared to be the policy, insofar as it could be done efficiently, to abolish regional offices unless they were consolidated with a hospital which is being maintained. So that the manager of a regional office and the managership of a hospital could be consolidated in one person. Undoubtedly that will result in the abolishment of a large number of regional offices. Just how many I cannot say.

Mr. DOWELL. May I ask further if it is the policy, as the gentleman has stated, to abolish regional offices outside of a district where hospitals are located, then will it be the policy of the department to take from the regional office practically the same in that degree as where the district has been abolished?

Mr. TABER. I do not just understand the gentleman.

Mr. DOWELL. I will restate the question. If it be the policy of the Department to abolish regional offices and leave a regional office in a district where a hospital is located, will the regional officer in the district where the hospital is located continue to do the same character of work in that district that he is doing now?

Mr. TABER. That is my understanding, except the regional manager will have added to his duties the business supervision of the hospital.

Mr. DOWELL. But the work in that district and in that territory will be the same as it is now?

Mr. TABER. That is what I understand.

Mr. DOWELL. And that work will not be transferred to Washington, as others are transferred when the regional office is abolished?

Mr. TABER. That is what I understand.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. TABER. I yield.

Mr. MARTIN of Colorado. May I inquire from what source the gentleman got that information and how definite his information is?

Mr. TABER. That came from the Chief of the Veterans' Bureau to our committee, and I assume it is definite, with this qualification, that nothing can be absolutely definite with reference to these regulations or to the policy on the part of the Veterans' Bureau, with the situation as it is.

Mr. MARTIN of Colorado. I sought to interrogate the gentleman from Virginia [Mr. WOODRUM] with respect to regional offices, but there were so many on the floor that I desisted. The gentleman appeared to be undertaking to show that regional offices might not necessarily be abolished.

I wanted to call attention to the explicit language of the report explaining how the saving of \$340,000,000 was to be effected. It reads as follows:

Among other measures which will be adopted to bring about the reduction it is intended to abolish all the regional offices.

Mr. TABER. I understand that that is the present policy, except in the cases where the consolidation to which I referred is possible.

Mr. MARTIN of Colorado. To follow up this matter, this would not necessarily be a total saving of the expenditures these offices are being put to now. It would simply mean an immense enlargement of the personnel at the Washington headquarters, would it not?

Mr. TABER. That is undoubtedly true.

Mr. HESS. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. HESS. If the gentleman will permit, I will refer the gentleman from Colorado to page 172 of the hearings where

General Hines in his testimony said that the regional offices will be eliminated and the administrative functions will be right here in Washington so far as the adjudication of cases is concerned.

Mr. MARTIN of Colorado. I thank the gentleman from Ohio for calling my attention to that statement.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield for a short question?

Mr. TABER. I yield.

Mr. BLANCHARD. Does the independent offices appropriation bill carry the authority for the reduction or abolishment of these officers?

Mr. TABER. No. That provision exists elsewhere. This bill has nothing whatever to do with it. All we have done is to carry the amount which has been estimated to us.

Now, frankly, I do not see how the Appropriations Committee can go ahead and lay out a set-up for something that does not exist at the present time. If the set-up on the basis that it is going to be in the future had been running along for a year and we had something to follow up and check on, I could see how the Appropriations Committee could cut down or could say that perhaps something else was needed if the request were made, but I do not see how the Appropriations Committee can go ahead and make a set-up that is originally an executive function. Nor do I see how Congress is in a position to do this. We have got to wait until there are changes in the set-up or until the set-up works out before we can intelligently deal with anything along this line.

Mr. SWICK. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. SWICK. Is it not a fact it will be a very great saving to the Government to have these regional bureaus right in the hospital where the men are being treated? To my mind, it seems as though it would save the Government a great deal of money. Also, it will be a very great advantage to the veteran to have the bureau right there at the hospital where the physicians are who treat him.

Mr. TABER. I think that is so, very largely; but I think the great saving that would come as the result of this new departure would be the placing of somebody of business experience in charge of the management of the hospitals instead of having doctors in charge of them.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 15 minutes more.

I think this is a thing to be considered seriously. The doctor should perform the medical work in the hospitals but should not have to perform the administrative work.

Mr. AYRES of Kansas and Mr. HOEPEL rose.

Mr. HOEPEL. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. HOEPEL. I quite agree with what the gentleman has said. It is a matter I have recommended and urged at various times before different committees, that rather than have a high-salaried doctor in charge of the administrative work of such an institution, a retired Army officer should be assigned at a salary, we will say, of approximately \$125 per month, as provided in this bill. In one soldiers' home alone, that I know of, a saving of \$5,000 a year would be made in the office of the commandant. When this is multiplied by the number of soldiers' homes and hospitals there are throughout the United States, it will mean a saving of hundreds of thousands of dollars.

Mr. TABER. I now yield to the gentleman from Kansas.

Mr. AYRES of Kansas. I was going to ask my colleague this question: A moment ago mention was made of the fact we are reducing the appropriation by \$34,000,000. This is not because of the consolidation, closing down, or discontinuance of the regional offices.

Mr. TABER. I do not understand that it is.

Mr. AYRES of Kansas. Under the act of 1924 creating the regional offices the power is given the Administrator of the Veterans' Bureau here in Washington to discontinue them any time he may see fit.

Mr. TABER. That is my understanding.

Mr. AYRES of Kansas. Even if the \$34,000,000 should be added to this bill, that, within itself, would not continue these offices or any one of them.

Mr. TABER. Oh, no; it would not. Not only that, a large portion of the \$34,000,000 is for other items than field-office items. A large portion of it is for administration in the District of Columbia. A large portion of it is for hospital expense, which it is thought will not be needed in the future.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. McFARLANE. It is estimated that something like 200,000 service-connected cases will be discontinued under the repeal of the presumption clause. If the President desired to change his regulations to allow these veterans and their dependents to receive benefits, where would he get the funds with which to pay them, inasmuch as the appropriation is eliminated? Could he take the money from some other source and use it for this purpose?

Mr. TABER. He would not have to change any appropriation anywhere, because there is carried in this bill as an appropriation for pensions the item of \$231,000,000.

Mr. McFARLANE. To what page is the gentleman referring?

Mr. TABER. Page 26 of the report. This amount is practically two fifths of the total that was carried in the last bill. That and a lot of nonservice pensions are included, and there would unquestionably be enough money in this \$231,000,000 to carry it through until Congress came back here again.

Not only that, if he wanted to he could transfer a small amount from the other expenses of the Veterans' Bureau to tide them over.

There is not any question in the world but what there is money enough there to pay everything that may possibly be put on up to the time the Congress gets here, and the gentleman does not know, I do not know, and I do not believe anybody can give any accurate estimate of what these pensions are going to be until after there has been some kind of try-out under the regulations.

Mr. HEALEY. Will the gentleman yield for a question?

Mr. TABER. Yes.

Mr. HEALEY. At the time the economy bill was before the House for discussion was it not specifically stated that it was proposed to cut the veterans' appropriations for compensation and pensions about \$400,000,000?

Mr. TABER. I think I made the statement when the conference report was finally passed that it would be about \$350,000,000 on compensation, and as I understand it the cut in that item is \$360,000,000.

Mr. HEALEY. Three hundred and sixty million dollars now?

Mr. TABER. Yes; the cut on compensation and pensions.

Mr. HEALEY. So what has been done by these regulations is exactly what was started out to be accomplished.

Mr. TABER. It is exactly what we were told would result from the economy bill which was presented to us in the early part of the session.

Mr. HEALEY. And the gentleman made that statement previously to the Members of Congress?

Mr. TABER. I made it here on the floor.

I am now going to discuss the legislative features of the bill, with some of which I am in full accord.

Section 5, on page 52, relates to the operations of this particular bill. This is necessary to prevent certain further impoundments that might result. We have reduced the appropriations down to the point where the 15 percent reduction in pay is taken care of.

Section 6 is the contract section. I am going to discuss this a little while, because I do not favor this section.

This section gives the President authority to cancel contracts at any time when he feels that the full performance of the contract is not required in the public interest and that modification or cancellation of such contract will result in substantial savings to the United States; and it further provides that whenever he does this the United States shall



become liable in damages for every bit of damage that the contractor shall suffer as a result of the cancellation.

There are a lot of such contracts. This provision relates entirely to transportation contracts. It might hit an ocean mail contract, it might hit an air mail contract, it might hit a star route contract, or it might hit a contract for railway mail service. I think there is already reserved in all of these contracts sufficient power to enable the President to reduce any expense that ought to be reduced in connection with them, and where this reservation exists it is unnecessary to cancel the contract.

I am not going into the railroad mail or the star route contracts, because I do not believe that in most cases anything of this kind will take place, because I do not believe there would be any inducement to anyone to try to do anything of this kind.

The air mail and the ocean mail contracts come about in this way: The Air Mail Act was passed with the idea of developing the aviation services throughout this country. A large number of contracts have been entered into. If any of these contracts were illegally entered into, the President or the executive heads of the different departments have the right to cancel the contracts and do away with them without the Government being liable in damages to anybody, and this is the way they ought to be done away with, and not as a result of a cancellation pursuant to this provision where the Government becomes liable in damages. [Applause.]

If these air mail contracts are improvidently entered into and not improperly entered into, the Government has a reservation in these contracts which permits the Government to cut down on the expense of the contracts, and it can cut down on these expense items to such an extent as to bring them within appropriations which have been made by Congress or it can cut them down where the service that is required is of such inconsequential character that it does not justify its continuance. Now, is it not far better to go along in this way and cancel them within the provisions of the contract than it is to break such contracts? When you break contracts, see what the result is. I am afraid we are leading ourselves into something when we break them and permit the contractor to recover damages against the United States.

You know what happens when a man has a claim against the Government. He goes to the Court of Claims and gets the highest possible speculative damages. The Government is the biggest mark of any defendant in any lawsuit that ever is brought. I cannot for the life of me see any possible saving in this kind of operation.

If it were proposed, and the facts were presented to us, that there are contracts which had been entered into in some improper way and these contracts were legal and valid, I should be the first one to propose that any powers that were necessary to get rid of them be given, but there is no such situation presented here. We are just putting ourselves in for something and putting the Government in for something, and there is no excuse at all for this sort of thing. It is not a question of saving money; it is a question of letting the Government in for a dose of medicine, and I do not propose to go along with this kind of operation.

The gentleman from Texas, when discussing the rule on Monday, said that there were a number of different contracts which justified this provision in the bill. Every one of them, he said, was illegal. If they are illegal, why should we put a provision like this in the bill? They ought to be abolished by the Government because they are illegal and not in such a way that the Government becomes liable to the folks for damages.

Look at what they will do and how they will work it. A man has an ocean mail contract. It is abolished by the Government. He is entitled to collect damages. What will he say to the Court of Claims? He will say that if he was allowed to go through with the contract and finish it up he would have been able to develop a trade route which would have been profitable, and he will have the Government where he can squeeze it for the greatest amount of speculative damages that may result from that operation.

Now, I do not want to let the Government into such a deal. The air mail contract, if you work it under this provision of law, is going to result in the same kind of speculative damages against the Government.

Mr. BRITTEN. Will the gentleman yield?

Mr. TABER. Yes.

Mr. BRITTEN. Is it not a fact that airships, as well as ships, have been built under these contracts?

Mr. TABER. Certainly.

I think it is sufficiently clear as to what the situation is, and that such a provision ought not to be in the bill.

When we come to this provision I am going to offer a motion to recommit if I can be recognized, and I believe that I am entitled to recognition, to get rid of this provision, and I hope the House will vote against the retention of any such provision.

Mr. HOEPEL. Will the gentleman answer one or two questions?

Mr. TABER. I will, if I can.

Mr. HOEPEL. Is it not true that this section will permit the President to repudiate the enlistment of men in the service?

Mr. TABER. No.

Mr. HOEPEL. I understood that the provision was to abolish contracts between persons and the Government.

Mr. TABER. No; these are transportation contracts only covered by the bill.

Mr. HOEPEL. This will permit the President to reduce the compensation of enlisted men from 5 to 2 cents a mile.

Mr. TABER. I do not think so. This would not permit any alteration of contracts of that character.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. TABER. I will.

Mr. COCHRAN of Missouri. Do you feel the contracts already made were for the best interests of the Government?

Mr. TABER. I frankly say that I do not know anything about these contracts.

Mr. COCHRAN of Missouri. If the gentleman is not willing to give the power to the President to abrogate the contracts, what does he suggest in its place? Does the gentleman think that illegal contracts ought to be retained?

Mr. TABER. There has not been a case where such a situation has arisen. There have been a few cases where the chairman of the committee said the contracts were illegal. I do not want an illegal contract abolished under the provisions of this bill so that they can come back and collect from the Government. I do not want to see the Government mulcted in damages.

Mr. COCHRAN of Missouri. The gentleman has heard a number of Members get up here and criticize the contracts made by the Post Office Department and mention not one but half a dozen.

Mr. TABER. I have not.

Mr. COCHRAN of Missouri. Then the gentleman could not have been present at the time.

Mr. RICH. Will the gentleman yield?

Mr. TABER. Yes.

Mr. RICH. Probably the gentleman from Missouri can give specific instances of these contracts.

Mr. TABER. Perhaps he can tell of some illegal contracts.

Mr. BLANCHARD. Will the gentleman yield?

Mr. TABER. I yield.

Mr. BLANCHARD. The gentleman said there was a provision in the contract for abrogation by the Government. Is not it a fact that the contract provides that the Postal Department has the right to curtail the service?

Mr. TABER. It does.

Mr. JENKINS. Suppose a contract has been entered into, such as the gentleman from Missouri [Mr. COCHRAN] stated. There has been much discussion here about some illegality in contracts. Suppose the Post Office Department has entered into a contract with an air mail contractor that is clearly illegal. Whose duty is it to abrogate that contract or to take steps to set it aside?

Mr. TABER. The Postmaster General, the Attorney General, the Comptroller General, or the President of the United States.

Mr. JENKINS. Any one of them can do it?

Mr. TABER. Any one can initiate this proceeding.

Mr. JENKINS. And the gentleman maintains if they do take those steps to abrogate those contracts as null and void, a contract that has been entered into that is illegal, then there will be no responsibility on the part of the Government? How could this proposition which the gentleman has been talking about throw responsibility on the Government if the contract were null and void ab initio?

Mr. TABER. It could not if the Government proceeded on the null and void theory; but if the Government goes to work to get rid of its contract in this way under this act—and the only cases they have referred to here they tell us are illegal—what inference can be drawn except that, if they get rid of them through this provision, it would make the Government liable? What is the use of this legislation unless there is something which we should get rid of that is legal? They have not called our attention to anything which they said was legal which they wanted to get rid of.

Mr. JENKINS. I am very much inclined to follow the gentleman on every subject, especially on this, but I cannot, for the love of me, see how, if a contract is null and void and the Government refuses to operate under it, the Government could be held responsible.

Mr. TABER. Suppose a contract were null and void in fact, but instead of the Government proceeding upon that theory in court, it proceeds upon the theory that it is valid, and under the provisions of this law abrogates it, that act, ipso facto, makes the Government liable in damages. That is where the trouble is. Let them proceed under the law as it is now, and get rid of them, without paying any damages, instead of going ahead and allowing them all kinds of speculative damages under such a provision as this.

Mr. JENKINS. If the Government is a party to a contract and stands by and permits the other party to go on and perform, then the Government ratifies all of it, and it should be responsible in damages. If the Government is going to renounce the contract, it should do it before the other party starts upon its performance.

Mr. TABER. That is true, unless there is fraud or illegality in connection with the initiation of the contract.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. BRITTEN. I am of the impression that every important contract entered into by the Government has a cancellation clause in it.

Mr. TABER. A great many of them do, but I would not say there was a cancellation clause in these two particular types of transportation contracts.

Mr. BUCHANAN. The air mail contract has a cancellation clause in it for willful neglect on the part of the contractor to perform his part of the contract, and that only.

Mr. TABER. I think that is correct.

Mr. BUCHANAN. Only for willful neglect to perform.

Mr. BRITTEN. Then the ones that I have in mind which usually occur in construction contracts do not apply in this instance. In most of the contracts that I have seen there is a distinct provision allowing the Government to cancel the contract if the best interests of the Government are thereby conserved, and then, of course, it settles damages thereafter.

Mr. BUCHANAN. In the foreign-mail contracts there is a clause that the Postmaster General or Congress can cancel them by paying 1 month's extra pay. For that service this legislation would not be needed.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. BROOKS. For what length of period are these contracts?

Mr. TABER. Four or five years, as a general rule.

Mr. BUCHANAN. For the gentleman's information they are generally 10-year contracts, but under recent arrange-

ments all of them expire in 1936. I refer to air mail contracts.

Mr. BROOKS. During that period, if conditions change and the Government can prove it is not necessary to have the airplane, does the gentleman think there will be any damages collected against the Government?

Mr. TABER. Certainly.

Mr. BROOKS. With a cancellation clause in the contract?

Mr. TABER. Certainly. With most of the rest of the provisions in the bill with reference to legislation, I am in accord. With reference to the provision permitting charges to be increased, I am afraid it is pretty broad. I think that should be done, so far as it relates to the Post Office Department, by legislation of a specific character. I think that with reference to such a thing as Government insurance or anything of that kind we ought not to attempt to monkey with it. With some minor provisions of an administrative character, where charges are not sufficient which the Government is receiving, I think we ought to go along.

Most of the rest of the provisions I am in accord with. I am not going to attempt to explain them, as I intended, because I ought not to take any more time. A large number of them include a limitation on flying pay and a provision for furloughing army officers, and applying the provisions of the Economy Act to places where it does not now apply.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. MARTIN of Colorado. Will the gentleman discuss section 8, the Civil Service retirement section?

Mr. TABER. Yes; I shall be glad to discuss it for a moment.

Mr. MARTIN of Colorado. Let me ask the gentleman a question to start him. I cannot find anything in the language of this section, the way in which it is drafted, to indicate that it contemplates any new, substantive law, in the way of Civil Service retirement.

If you will just permit me to boil the language down to a sentence, it reads as follows:

Whenever any employee who has an aggregate period of service of at least 30 years is involuntarily separated from the service for reasons other than his misconduct, such employee shall be entitled to an annuity.

I understand it is under this language that the administration will be given all the power it has to involuntarily separate employees from the service; and if that is the case, why does it not say so?

Mr. TABER. No; that is not so. As I understand it, the Government has the power to separate them now. This is simply a provision which permits those who are separated from the service, if they have had over 30 years' service, to receive retirement pay. That is the sole object of paragraph (a) of section 8. I think it is perfectly clear that it does accomplish that. They are not entitled to receive this retirement pay now unless they have reached the age of retirement.

The CHAIRMAN. The time of the gentleman from New York [Mr. TABER] has again expired.

Mr. TABER. I yield myself 2 additional minutes in order to answer the gentleman's question.

Mr. MARTIN of Colorado. I am seeking information on a matter that requires a great deal of questioning. I understand from the gentleman's answer that a Civil Service employee can now be involuntarily separated from the service by administrative or Executive order without cause.

Mr. TABER. Provided it is required in order to bring the service within the appropriation or within the requirements of the Government. That is, if his services are not any longer needed, they can get rid of him now.

Mr. MARTIN of Colorado. That is the law now.

Mr. TABER. Yes.

Mr. MARTIN of Colorado. And section 8 is predicated upon the existence of that law at this time?

Mr. TABER. Yes. Section 8 is an item that is in the interest of the employee, because it does give to those who



have over 30 years' service, if the retirement happens to land on them, the opportunity of receiving the \$1,200 a year retirement pay, less the 3½ percent which we take out.

Mr. MARTIN of Colorado. This was substituted for the arbitrary separation proposition?

Mr. TABER. Yes; it was. It makes it necessary for affirmative Executive action to get rid of any employee.

Mr. MARTIN of Colorado. But is not this the fact, in its actual operation, that it will be determined as a matter of favoritism rather than efficiency?

Mr. TABER. I hope not. I do not have any intimation of that character. [Applause.]

The CHAIRMAN. The time of the gentleman from New York [Mr. TABER] has again expired.

Mr. BOYLAN. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. BLAND].

Mr. BLAND. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include in the extension extracts from congressional reports and committee hearings and also some statements of former Presidents of the United States.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. BLAND]?

There was no objection.

Mr. BLAND. Mr. Chairman and members of the Committee, I have asked for this time in order to discuss one of the particular features of the bill, to which the gentleman from New York [Mr. TABER] has directed your attention. It is one of the legislative provisions in the bill, which reads as follows:

Whenever it shall appear to the President, in respect of any contract entered into by the United States prior to the date of enactment of this act for the transportation of persons and/or things, that the full performance of such contract is not required in the public interest, and that modification or cancellation of such contract will result in substantial savings to the United States, the President is hereby authorized, in his discretion, on or before April 30, 1935, to modify or cancel such contract.

The act then provides for just compensation in the event of cancellation. This language includes ocean mail contracts; and by reason of the position which I hold by courtesy of this House as chairman of the Committee on Merchant Marine, Radio, and Fisheries, and by reason of my service on that committee at the time the provision for ocean mail contracts was written into the law, I feel that some discussion of that subject should be in order.

Permit me to say that while I feel there are objections to this particular language, I am not going to undertake to point them out, because to point them out might be construed as interposing opposition to the provision. Notwithstanding the effect that this language might have, and some doubt as to its wisdom, if I can become reconciled to other provisions of the bill, I shall not permit this paragraph in the bill to cause me to vote against it.

There have been so many speeches made by gentlemen just as patriotic and just as devoted public servants as I should like to be, and perhaps more intelligent than I, that I feel I should bring to the attention of this committee some particular features with respect to these contracts.

Again and again we have heard that the ocean mail contract is a fraud, measured in the terms of the mail that is carried. I want to submit here and now that a consideration of the hearings before the committee in 1928, a consideration of the report that was filed with the bill at the time, and which came as a unanimous report from the Committee on Merchant Marine, Radio, and Fisheries, and in view of the hearings that were subsequently had, ocean mail was never intended to be measured in terms of mail carried. It was intended as one of the considerations for the transfer of Government lines to private operation, in order to carry out the purpose that was distinctly written into the Merchant Marine Act of 1920, and reaffirmed in the act of 1928, that America should have a merchant marine of the most modern type and the best equipped ships for the purpose of carrying the major portion of America's goods in the commerce of the world. [Applause.]

Let me remind my colleagues on the Democratic side of the aisle that it was under the masterly genius, the splendid inspiration, and the noble leadership of one of the greatest men of time, Woodrow Wilson, that an attempt was made to restore the American flag upon the seas. [Applause.]

The act of 1916 was written. Then came the World War. It is my solemn conviction, deliberately stated, that if America had possessed in 1916 an American merchant marine capable of conversion into armed cruisers or similar instrumentalities of war, the German Government would never have embarked upon its policy which eventually led this country into war. I believe we would have escaped that awful, awful struggle, with the price we paid in men, in money, and in economic depression in the world today. [Applause.]

Mr. HOEPEL. Mr. Chairman, will the gentleman yield?

Mr. BLAND. I yield.

Mr. HOEPEL. I wish to go on record as heartily in favor of what the gentleman has stated. May I ask him of what utility are ships without trained men?

Mr. BLAND. I quite agree with the gentleman, and that is the next step we must take.

[Here the gavel fell.]

Mr. BOLTON. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. BLAND. You men of the South felt the need of a merchant marine in 1914 when you were compelled to put on your campaign to buy a bale of cotton. What was the trouble? Ships of the belligerent powers were withdrawn from the seas. Your cotton was piled up on the docks. The terminals of this country were congested so that even in New York, with its splendid facilities, for miles and miles outside those yards commerce was accumulated and unable to go upon the water because America had no merchant marine to carry that commerce upon the seas.

You saw it again about 1924, when, by reason of conditions in the world, the ships of the foreign powers were withdrawn from our commerce. But America had the ships that she had built at an expenditure of \$3,500,000,000, and she threw them into the trade. Then they were laid up. The testimony which came out before the committee was that those ships at that time saved to the American farmers of the Middle West, the grain men of the Middle West, \$600,000,000. This saving came about by reason of their ability to take advantage of the opportunity to send their commerce upon the seas and reach the markets of the world at the most opportune time. Again in 1926, when the ships of foreign powers were not available to carry our goods, what did we do? We threw these ships out upon the seas and again two or three hundreds of millions of dollars were saved to the farmers of this country.

All these matters will be set forth fully in my extension of remarks.

It has been estimated and testified before our committee that the rates on the commerce actually carried from 1922 to 1931, freight sales plus passenger rates, aggregated about \$900,000,000 annually, and because of the fact that America had a merchant marine ready to carry that commerce and did carry 30 percent of that commerce, the sum of \$300,000,000 was saved annually to the United States to be expended in the United States. Otherwise this money would have gone abroad.

There was further testimony that freight rates in this country would have increased 20 percent if it had not been for the presence of the American merchant marine.

The point I make is that you cannot have an American merchant marine today without these aids. The committee which unanimously reported the Merchant Marine Act of 1928 providing ocean mail pay said:

Your committee believes that in reporting this amendment they are responding to the desire of the American people. In our view there has been no time within three quarters of a century in which the country has been so interested in an American merchant marine, so anxious that the Congress should provide the ways and means for restoring to the American ship that prestige which was once the Nation's pride. Your committee offers this bill for your consideration in the confident belief that, if admin-

istered to the extent of the authority given and in accordance with its purpose, shipbuilding within the United States will be stimulated, new and modern ships flying our flag will appear upon the seas, interest in our ships will be stirred, a new loyalty will be aroused in American shippers, and we shall have accomplished much toward the restoration of American supremacy upon the seas. This report is not the thought of any party or any section of the country represented upon your committee. All members have striven to compose differences and to reach agreements.

Further in the report this statement is made:

It is further accepted as beyond doubt that the American people are ready and willing to pay such amounts as may be reasonably necessary to give to the United States the size and character of merchant marine required to meet these public expectations. This report, therefore, will contain no argument upon matters which we conceive to be generally understood and beyond dispute. It will be confined to a description of the bill itself and an estimate of the expenditures involved.

Let me read also the following statement:

The difficulty in the United States always has been the inadequacy of the payments authorized, a failure to aggressively and continuously adhere to the policy, and an unwillingness to make contracts for a substantial term of years. This latter consideration is of the very first importance. It is quite out of the question to expect the building of new and expensive ships unless there can be some surety given to the owner, under a contract for a term of years, that the vessel is to be used for mail purposes.

This title is basically a revision of the 1891 Mail Act. There is no departure in principle from that act, but it increases the classification of the ships and the compensation to be paid.

The first section of the title defines the ports between which it is intended that mails may be carried under contract. Generally speaking, it may be said that vessels moving between ports where competition by foreign flagships is lawful are eligible for contracts.

Then we conclude with the statement:

Your committee members have faith in the legislation presented to you. It gives to the American ship greater aids than have been provided by any legislation within three quarters of a century. We believe its enactment means the building of new vessels of greater speed than any now flying our flag; that it will revive the shipbuilding industry; that it will stimulate an increased use of American ships for American cargoes; that it will give us a larger measure of industrial and commercial independence; that it will provide us with naval auxiliaries for the day of stress; and that it will carry to all the world notice of our settled purpose to retain upon the seas that which we now have and of our determination in due process of time to build and maintain a merchant marine of a size and efficiency commensurate with our national interests and our national dignity.

Just let me make this one statement. Later investigation, as I will show in quotations from hearings before the Merchant Marine and Fisheries Committee, led to a statement by that distinguished gentleman, the former chairman of my committee, Mr. Davis, of Tennessee, than whom no more bitter opponent of monopolies existed in this Congress, to the effect that the purpose of this act and the direct mail contract was the disposition of our ships and the maintenance of essential trade routes.

Former Postmaster General Brown stated that in the administration of that act he had conceived that to be the purpose, and this splendid gentleman of whom I have spoken said, "I agree in that view." The quotation will be put in my extension of remarks.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. BLAND. I yield.

Mr. PATMAN. I understood the gentleman to say that by reason of the existence of the merchant marine the farmers are getting lower freight rates in the United States. I should like to know how the gentleman reconciles that statement with the fact that agricultural products only represent 10 percent of the volume of freight handled by the railroads and yet they pay 20 percent of the gross receipts of the railroads.

Mr. BLAND. I shall not undertake to deal in particulars or in any minutia with respect to that matter. I will say there have been times, and the time will come again, when the grain men of the West and the cotton producers of the South will have need to use our shipping, if they are not using it at the present time, and unless there is the strong arm of an American merchant marine there to control the rates you will see that the foreign nations of the world will be increasing rates.

Why, Mr. Chairman, when foreign nations are today entering into agreements, Great Britain with France, Great Britain with Argentina and with other nations, and with every foreign nation in the world entering into agreements that mean the curtailment of American business and a reduction of American commerce, are you willing to trust your commerce to the delivery wagons of these competitors? [Applause.]

This is the question that presents itself to us now.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman from Virginia 2 additional minutes.

Mr. BRITTEN. Will the gentleman yield?

Mr. BLAND. I yield.

Mr. BRITTEN. The gentleman is making a very important speech and as I understand it, every word he has uttered so far would indicate a desire for a continuance of existing conditions for the protection of the American merchant marine.

Mr. BLAND. Yes; and I want to tell the gentleman this. I am going to put in my remarks the language of the patron saint of the Democracy of America, Thomas Jefferson, and the first President of the United States, George Washington, who, in their utterances, predicted the very condition that existed in 1916 and stated that unless we protected our navigation interests and protected our merchant marine we would be at the mercy of our foreign competitors. [Applause.]

Mr. BRITTEN. If the gentleman will yield further, I agree with the gentleman, and, with that in mind, does not the gentleman seriously believe that this language should be stricken from the bill?

Mr. BLAND. There has been much said about fraud. I do not believe that fraud or corruption enters into this matter. I think there have been mistakes, but, with all that, I have such an abiding faith in the honesty and the devotion and the courage and the patriotism of the present incumbent of the White House that I am going further than ordinarily I would go. [Applause.]

Exercising the privilege granted me of extending my remarks in the RECORD, I call attention to the following excerpt from the message of President Washington to Congress in December 1790:

We should not overlook the tendency of a war, and even of preparations for a war, among the nations most concerned in active commerce with this country, to abridge the means, and thereby at least enhance the price, of transporting its valuable productions to their proper markets. I recommend it to your serious reflections how far, and in what mode, it may be expedient to guard against embarrassments from these contingencies, by such encouragements to our own navigation, as will render our commerce and agriculture less dependent on foreign bottoms, which may fail us in the very moments most interesting to both of these great objects.

In 1793 Jefferson, referring to navigation, said:

Its value as a branch of industry is enhanced by the dependence of so many other branches on it. In times of general peace it multiplies competitors for employment in transportation, and so keeps that at its proper level, and in time of war, that is to say, when those nations who may be our principal carriers shall be at war with each other, if we have not within ourselves the means of transportation, our produce must be exported in belligerent vessels, at the increased expense of war freights and insurance, and the articles which will not bear that must perish on our hands.

In 1793 Jefferson said:

But it is as a resource of defense that our navigation will admit neither neglect nor forbearance. The position and circumstances of the United States leave them nothing to fear on their land board, and nothing to desire beyond their present rights. But on their seaboard they are open to injury, and they have there, too, a commerce which must be protected. This can only be done by possessing a respectable body of citizen seamen and of artists and establishments in readiness for shipbuilding.

Mr. Madison, in 1794, said:

To allow trade to regulate itself is not, therefore, to be admitted as a maxim universally sound. Our own experience has taught us that, in certain cases, it is the same thing with allowing one nation to regulate it for another. \* \* \* A small burden only in foreign ports on American vessels, and a perfect equality of



foreign vessels with our own in our own ports, would gradually banish the latter altogether.

In 1809 Mr. Jefferson wrote:

It is essentially interesting for us to have shipping and seamen enough to carry our surplus produce to market; but beyond that I do not think we are bound to give it encouragement by drawbacks or other premiums.

Mr. Chairman, criticism is frequently directed at the small volume of mail carried, and the charge is made that the pay is out of proportion to the mail carried. The answer is that the mail pay was never predicated upon the volume of mail carried. It was never intended that ocean mail pay should be measured by the mail tonnage. It was intended as a means of establishing and maintaining essential trade routes in the interest of American commerce and of providing merchant ships as instrumentalities for defense of the Nation in time of war.

I shall not attempt now to discuss specific contracts. Time would not suffice; and in the objections that might be urged to a few contracts we should lose sight of the fundamentals.

The big question is, Shall America have a merchant marine, and how can it be secured and maintained? The answer given in 1928 was by the enactment of the so-called "Jones-White Act", and it has demonstrated its worth. That measure was nonpartisan. There were no political lines when the bill became law. After years of effort to provide an American merchant marine in private hands it was the only solution which the Congress could find for the problem. If it is to be abandoned, then we ask that its opponents submit to us a better solution. All interested in an American merchant marine will welcome any plan that may be submitted. Certainly the answer does not lie in Government ownership and operation. We have tried that, and the heavy burden on the American people led to the enactment of the Jones-White Act.

When the World War came, in August 1914, the American merchant marine had declined below Norway, below Italy, and below Japan. With a foreign trade more than one tenth of the world's business in a year we possessed a merchant marine capable of transporting 8.9 percent of it. We had registered for deep water only 810 steamers of 666,593 gross tons and 469 sailing vessels of 234,616 gross tons. At the outbreak of the war the steam tonnage of the world among the other principal nations stood as follows:

	Number of vessels	Gross tonnage
Great Britain.....	10,123	20,523,706
Germany.....	2,090	5,134,720
France.....	1,025	1,922,286
Italy.....	637	1,430,475
Japan.....	1,103	1,078,386
Austria-Hungary.....	433	1,052,346
Russia.....	747	851,949
Belgium.....	173	341,025

Many men here recall the dangerous days of the World War. The demand was ships, more ships, and then more ships—ships to bridge the seas. America answered. She had few ships. She was carrying but 8 or 9 percent of the world commerce. She had fallen to the lowest point in her history as a sea-faring nation. She had trusted her trade to foreign bottoms. Though she had 5,000 miles of seacoast and was entitled to a fair portion of the world's trade in her own interest and for her own defense, she carried in her own bottoms practically nothing. Her cargoes were carried to the markets of the world in foreign vessels. The American merchant trusted to competing nations to carry American goods in the delivery wagons of his competitors. American merchants did not have their own delivery wagons for more than an infinitesimal part of their own goods. Discriminations were practiced, and American salesmen found difficulty in effecting American deliveries, but we could do nothing about it.

We did not even have sufficient American bottoms to furnish necessary colliers, food ships, and other auxiliaries to

accompany the battle fleet in its cruise around the world in the administration of former President Roosevelt. If anything had happened, these might have been marooned in some distant port for want of supply ships. We were subjected to the ignominious spectacle of a maritime Nation with a battle fleet flying the American flag accompanied by, and dependent upon, naval auxiliaries and supply ships flying foreign flags.

We did nothing about it. We held inquiries, and congressional committees held exhaustive investigations throughout the Nation, but no merchant ships were provided, and American goods still went abroad in foreign vessels—British, German, French, Austrian, Italian, Japanese, Norwegian ships; and those other countries carried our goods, and the grain farmers of the West, and the cotton farmers of the South, and the merchants and manufacturers throughout the Nation were dependent upon these carriers.

What happened? At the first sound of war these ships were recalled to other services, or driven from the seas, or freight rates rose to prohibitive heights. Is there a man here who has not heard of the urge throughout the land to "buy a bale of cotton" and save the farmers of the South? Our warehouses were overflowing; our docks were piled high with cargoes; our terminal yards were congested; and our railroad tracks for miles beyond these terminals were used for storage purposes, for the sole reason that there were no ships to carry these cargoes or rates were prohibitive. Throughout the world the demand for these goods existed, but the means of transportation was lacking.

The enormous and prohibitive freight rates tell the story. The figures recently quoted by Senator WHITE, of Maine, in one of the newspapers are appalling. It is said that cotton jumped from 35 cents per hundred pounds to \$11; wheat from 8 cents a bushel to a maximum of \$1.36; flour from 10 cents a hundred pounds to \$1; and general cargo rates increased to 10 times their normal level.

Who paid the price? The farmer whose grain and cotton and other products could not be moved at reasonable rates, and whose sales even when made were much reduced in volume. The same was true of the manufacturers, and the merchants, the exporters and the importers.

There was never a truer statement than that made by former President Roosevelt in a message to Congress when he pointed out that for the spread of our trade in peace and for the defense of our flag in war a great and prosperous merchant marine is indispensable.

When the demand came for ships, we had a few shipyards, and we built ships, bought ships, confiscated ships, and established new yards at enormous cost. We built ships of wood, of steel, of concrete—anything that would float—good, bad, and indifferent. We spent \$3,500,000,000 and the war closed with a fleet of 2,314 vessels of all types, constructed under the supervision of the Shipping Board. In addition, interned enemy vessels were seized, others were chartered, commandeered, purchased, or requisitioned, so that, at one time or another, the Board owned 2,546 vessels of 14,703,717 deadweight tons.

In order to accomplish this result, the Board had become the owner in whole or in part of 71 shipyards, repair yards, machine shops, and other industrial plants connected with shipbuilding.

At the close of the World War our merchant marine problem became one of getting these ships into private hands and relieving the Government of their operation.

Then came the Merchant Marine Act of 1920, when Congress declared:

That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best-equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine, and, insofar as may not be inconsistent with the express provisions of this act, the United States Shipping Board shall, in the disposition of vessels and



shipping property as hereinafter provided, in the making of rules and regulations, and in the administration of the shipping laws keep always in view this purpose and object as the primary end to be obtained.

Provision was made for the sale of ships, and for the establishment of essential trade routes, the vessels to be operated by the Board if sale could not be made to private persons.

In providing for sales and to the end that all ports and communities should be equitably served it was provided that preference in the sale or assignment of vessels for operation on such steamship lines should be given to persons who are citizens of the United States who have the support, financial and otherwise, of the domestic communities primarily interested in such lines, if the Board was satisfied of the ability of such persons to maintain the service desired and proposed to be maintained, or to persons who were citizens of the United States who might be then maintaining a service from the port of the United States to or in the general direction of the world market port to which the Board had determined that such service should be established.

Provision was made for the creation out of sales of a construction loan fund for loans to aid private citizens in the construction of vessels of the best and most efficient type for the establishment or maintenance of service on lines deemed desirable by the Board. The loans were to be not more than two thirds of the cost.

Under the act of 1920, 38 services were established to various ports of the world, and they were operated under various agreements whereby the loss fell upon the Government, and appropriations for these losses amounted to 40 and 50 million dollars annually. The ships had been hastily constructed for winning the war, and were slow and inadequate to the purposes of world commerce. Practically no ships were constructed. Some sales were made, but with the increase of competition and depressed conditions payments were not completed. The American-borne trade declined from 51 percent in 1921 to 44 percent in 1923, 34 percent in 1927, and barely 32 percent in 1928.

In the meantime the American shipbuilding industry continued to decline to such extent that of 7,900,000 tons of sea-going vessels of 4,500 gross tons and over constructed in the world between January 1922 and August 1927, the United States built only 309,000 tons. By March 1928 only 2 percent of the world's construction was in our shipyards.

Great Britain and other maritime nations were building modern ships. Between 1922 and 1928 nearly 800 newly built foreign ships were put into our trade. The situation was that Great Britain alone had 1,034 ships of a speed of 12 knots and faster, while we had 180. She had 158 ships of 16 knots speed—we had 51. She had 37 of 18 knots speed, and we had 12. She had 16 of 20 knots speed, and we had 5.

Germany, despite her financial condition, had placed \$12,000,000 at the disposal of German steamship companies as loans, which were to represent a 50-percent contribution toward the shipbuilding program of the individual ship-owners.

France in 1924 guaranteed a loan of \$10,000,000 for a 25-year period, the loan being at 7 percent, the 7 percent to be paid not to the Government but to purchasers of these debentures, and American bankers handled the loan.

The evidence before the Committee on Merchant Marine, when the hearings on the Jones-White Act were held, contained a statement to the effect that it was reported in the French press that the Government was drawing up a bill to be presented to the Chamber of Deputies providing for a system of subsidies to the French merchant marine in the form of loans at low rates of interest to companies laying down vessels in French shipyards.

The Netherlands in 1921 began advancing \$400,000 per year to the Holland-South African Line for a period of 5 years, without interest, unless it should develop that the company earned a surplus.

The evidence before the committee showed that Japan since 1889 had paid construction and operating bounties which in 1910 reached the annual sum of \$7,386,000, in spite of their cheap labor and cheap production, and was then

proposing a \$75,000,000 loan fund, one half for construction and one half for operation bounties, for vessels to run to the west coast of the United States. It was shown that in 1927 Japan loaned 30,000,000 yen to the Tokyo dockyards in order that they might have proper facilities for keeping their great trans-Pacific ships in first-class shape.

Among the lines so subsidized were the North American Line to Seattle, San Francisco, Los Angeles; South American east coast, with stops on homeward trip at New Orleans, Galveston, Cristobal, and Los Angeles; South American west coast, with stops at Los Angeles; Australian route, African East Coast Line, South Seas Java Line, and China coastal service.

The evidence was before the committee of the direct financial aids by Great Britain in the way of postal subventions, Admiralty subventions, and colonial subventions. The committee knew of the loan made in 1902, through the Admiralty, to the Cunard Line, for a period of 20 years, of all the money required to build the 25-knot ships the *Lusitania* and the *Mauretania*, amounting to \$12,653,000, at 2¾ percent, and that in addition a 20-year naval subvention of \$730,000 per year had been given them, to which the post office had added a 2-year mail contract for \$300,000.

At the time of these hearings, Commissioner Plummer, of the Shipping Board, than whom no better-informed man on this subject lived in America, called attention to the fact that these payments for the *Lusitania* and the *Mauretania* were such that they would repay the loan and interest, and he said that if the *Lusitania* had not been sunk there would have been left a \$5,000,000 profit to that line.

Information was given as to subsidies, subventions, bounties, or mail pay granted in many other cases by Great Britain, and that in 1921 Great Britain had begun its trade-facilities loans with \$121,000,000, which had been increased until at the time of the hearing that fund was \$365,000,000. It was shown that this fund was to be used primarily for the purpose of causing ships to be built in English yards, and that if a man came to the British yards and placed a contract for ships to be built there the Government would lend him 85 percent of what the vessel was to cost.

The hearings disclosed that under the Trade Facilities Act of 1921 the British treasury was authorized to guarantee, on such terms as it deemed best, the payment of the interest or principal, or both, of any loan negotiated by a government, a corporation, or a body of persons required as capital for the manufacture or purchase of articles which would permit employment in the United Kingdom, the total amount so guaranteed not to exceed £25,000,000.

It was shown that the British treasury guaranteed a loan of £2,300,000 for 7 years to the Royal Mail Steam Packet Co. for the construction of two fast steamers, a loan of £1,000,000 for 7 years to the Union Castle Mail Co. for mail steamers to South Africa, and £200,000 for 7 years each to the Lamport & Holt Line for ships to South America and to the Glenn Line for its Asiatic service.

It was shown that in further extension of its trade our British cousins had developed something rather unique in international trade, and yet in harmony with the Trade Facilities Acts. This was the "Export Credits Act", whereby the Government appropriated \$126,000,000 so that if the English merchant was selling goods abroad he could raise money on his bills of lading so as to use his money over and over while he was giving the foreign buyer whatever long-time credit the buyer might need. It was shown that this was proving a very effective encouragement to British business.

The hearings disclosed that the British Government had for many years provided for a reserve force of officers and men to be available to meet the emergency of war, the number provided for in 1923-24 being 35,200, of various ranks and ratings, and appropriations for that purpose amounting to £572,800.

Evidence was introduced that Spain had changed in 1908 to construction bounties of \$1,850,000 and navigation bounties of \$500,000 per year; that in 1925 she had provided for replacement of her ships with modern tonnage



and that she had appropriated \$11,254,000 per year in construction and navigation bounties to that end. It was shown that Spain's trans-Atlantic line of 35 steamers would receive \$4,500,000 annually, and that this company agreed to build or purchase between 1928 and 1938 15 new steamers of between 7,000 and 8,000 tons gross.

Chile was shown to have passed a direct subsidy law, which went into effect in January 1928, whereby the President of the Republic was authorized to invest a sum of 2,000,000 pesos annually for subsidizing national navigation companies that had maintained regular services through the Panama Canal for more than 3 years.

The evidence disclosed that Italy granted construction bounties, tariff bounties, and construction, repair, and alteration bounties, with aids to useful lines and requiring vessels of certain speed to be used, so that a certain number of sailings should be maintained, and contracts to be for 5 to 10 years. "Useful lines" were those connecting Italy with the commercial centers of the world. "Indispensable lines" connected Italy with her islands and colonies, and they received a fixed subsidy for 20 years. In the budget of 1926-27 the amount fixed for these aids was \$7,035,050 and for useful lines \$3,725,425, which represented an increase of \$2,659,965 over the appropriations for the year 1923-24.

The need for an American merchant marine, privately owned and operated, was considered most carefully, and it was shown that 4,085 foreign-flag vessels of 19,000,000 gross tons carried more than 66 percent of our foreign trade. More than 20 percent of these vessels had been built since 1921. At the same time 1,675 American-flag vessels, of 7,000,000 gross tons, carried less than 34 percent of our foreign trade, less than 4 percent having been built since 1921, and not a single common carrier for foreign trade having been built in this country since the war.

It was testified that at the end of 1927 Germany, Italy, Holland, France, Sweden, and Denmark, in addition to Great Britain, each in the order named, were building more tonnage than the United States, while the United States stood a poor eighth in ships under construction.

One witness, speaking of the American fleet as it existed then, said:

The ships you have are virtually all practically of a type; there is not any use for them now in particular, because they are not diversified in design and type. Ships are just as different as people. In the dead-weight carriers you have a fleet, I might call them, of unskilled laborers; these ships carry dead-weight cargo. If you had enough cotton to carry out of the Southern ports, or enough coal to carry out of Virginia and Alabama ports, and enough wheat to carry to keep your whole outfit going, they might be utilized; but these ships are all of a type—pretty good ships but too many of a kind. It is just as if you were operating a railroad and had an overplus of coal cars but not enough passenger cars, baggage cars, and box cars.

The differential in construction costs and operating expenses were considered, and the necessity for mail pay aids in providing for the establishment of a merchant marine, the construction of new ships, the transfer of Government routes to private owners, and the conversion of existing ships into better ships more modern in type, with increased speed, better suited to meet the competition of foreign lines, and to furnish the auxiliaries needed for the Navy in time of emergency. The need for Government aid was conclusively shown, and the answer was ocean mail pay and construction loans at low rates of interest.

The background of the Jones-White Act shows beyond any peradventure that the mail pay provided in that act was intended to aid in the establishment and maintenance of essential trade routes, the construction of modern ships, and the permanence of a merchant marine. The hearings, the report, the debates, and all the facts demonstrate that this pay was not designed as compensation for mail carried.

The problem before the Congress involved the replacement of American ships. They were being operated at the enormous cost of approximately \$40,000,000 annually, and were wearing out. The time was in sight when, after all this expense, this country would have no merchant marine. The bill which came from the Senate looked to replacements at Government expense, and the House committee substi-

tuted for that bill a bill that would provide for transfer of the American fleet to private hands and would secure permanency. Quotations already made from the committee report sustain this contention.

That the purpose of ocean mail contracts was to provide sales of established routes and the maintenance and permanency of the American merchant marine was further shown in hearings held before the House committee in January 1930, when the subject of ocean mail contracts was under consideration and Postmaster General Brown was on the stand. The Honorable Ewin L. Davis, former chairman of this committee, asked Mr. Brown his general views on the subject. Mr. Brown said:

You see we have passed on every application for an ocean mail contract that has been placed on file since I have been in the Post Office Department; but there have been a number of routes, a number of lines, which the Shipping Board, I think, contemplate selling, some perhaps are in the process of sale, and those problems have not come up to us yet; because, of course, as you know, we do not consider the award of an ocean mail contract to anybody but the private operator. If this answers your question, we do not think that the test of any route is whether or not any great amount of mail flows over it; we think the test is whether it is an essential trade route rather than an essential mail route.

Mr. DAVIS. Well, I concur in that view myself.

Italics mine. Again, when Secretary Lamont was on the stand, Mr. Davis said:

Mr. Secretary, I assume that you were named on the interdepartmental committee, as Secretary of Commerce, because it was recognized that a very important feature of this matter was the carriage of our commerce.

Mr. LAMONT. No doubt, Judge.

Mr. DAVIS. In other words, it was recognized that there was not involved solely the question of the transportation of our mail?

Mr. LAMONT. No; I am sure it was the general problem of building up a merchant marine.

Italics mine. Again—

Mr. BRIGGS. And unless those lines can be made attractive in some form or another, you cannot sell the lines to private purchasers; is not that true?

Mr. LAMONT. That is true.

Italics mine.

Mr. BRIGGS. And one of your purposes in selling them is to get them in private hands and relieve the Government of the losses it is sustaining there.

Mr. O'CONNOR (Chairman of the Shipping Board). Yes.

Mr. BRIGGS. But at the same time to make it possible for the purchasers to carry on those services and to carry them on with sufficient experience to make them profitable, enduring, and permanent; is not that true?

Mr. O'CONNOR. Yes; and let them have a contract with the proviso that they will replace. That has gotten away from us in a couple of cases. That is probably off of the question, Mr. Chairman, but in practically every case except two, I believe, we have insisted on them building ships for replacement.

Mr. BRIGGS. In other words, that is carrying out the purposes of the Merchant Marine Act of 1928.

Mr. O'CONNOR. That is the purpose.

Mr. BRIGGS. That contemplates the merchant marine should be kept up to date and modern.

Mr. O'CONNOR. Yes.

Mr. BRIGGS. And assure permanency.

Mr. O'CONNOR. Yes.

Italics mine. This testimony was in accord with the concluding paragraph of the report submitted with the bill in 1928, which has been inserted previously.

#### THE MERCHANT MARINE ACT OF 1928 SUCCESSFUL

As a result of this legislation, all trade routes with the exception of two or three have been sold to private owners. Forty-three contracts have been executed, resulting in the building of 42 new vessels—15 having been built under the 1920 act—and the reconditioning of at least 40 vessels. This has meant work during the past 3 years for 40,000 persons. The benefit to labor in this country will be seen when it is recalled that for every dollar spent 80 cents has gone to labor in the shipyards or allied interests. The benefits have gone to every State of the Union.

Not less than 200 major industries are involved in the manufacture of materials used in shipbuilding. In furnishing the raw materials and in the process of converting them into finished materials and equipment every State in the Union contributes. The expenditures made in the pro-

duction of these materials and equipment constitute approximately one half of the total cost of a ship. The labor expenditure in the construction of a ship constitutes at least 80 per cent of its total cost—half in the shipyards and half in the plants of allied industries.

When considering the importance of the American merchant marine to this country attention should also be called to the fact that just before the war our shipping was earning in ocean trade about \$35,000,000 a year, and was spending for supplies, wages, and other purposes in this country about \$26,000,000. In 1931—a very low, subnormal year—our shipping earned no less than \$187,000,000 in freight carrying and spent about \$141,000,000 in this country for supplies, wages, and other items of operation.

This act has meant the expenditure of \$214,000,000 in round figures, of which private companies buying these ships and relying upon the good faith of the Government in granting mail pay and providing construction loans at low rates of interest have contributed out of private funds the sum of \$66,250,000 in round figures. The United States has a first lien on all ships for the moneys loaned for their construction and may seize them upon default, but the moneys contributed by its own citizens will be lost.

The United States has in these ships an equity of approximately \$160,000,000, the payment of which can only be secured by the continuance of existing contracts with the owners.

It has been demonstrated that all maritime nations of the world give aid in one form or another to their merchant marine. Certainly in America, with increased cost of construction and operation, the merchant marine cannot be maintained without Government aid. That subject was exhaustively investigated in 1927, and the Merchant Marine Act of 1928 was the answer.

#### OBLIGATIONS ASSUMED BY SHIPOWNERS

The mail pay provided in the act means more than the carriage of mail. It provided ocean mail service on essential trade routes for specified periods, with fixed sailings, and the replacement of ships with vessels of modern type.

What obligations were assumed by the shipowners in return for mail pay? These obligations were so tersely stated by Senator WHITE, of Maine, in an article recently written by him that I take the liberty of adopting the substance of his summary. They are:

First. That the ships under contract shall sail on the schedule specified carrying whatever mail offered.

Second. That the ships shall be American owned and American built.

Third. That they shall be maintained in the designated service for the life of the contract without deviation therefrom.

Fourth. That the contractor should build in American yards new tonnage as required by the contract.

Fifth. That those new ships shall be built on plans and specifications approved by the Navy Department.

Sixth. That the crews shall be two-thirds American.

Seventh. That these ships shall carry mail messengers for the Post Office Department without charge.

Eighth. That these ships may be taken over by the President in the event of national emergency at their then cost without any appreciation in value by reason of the emergency.

These obligations impose greater burdens upon the shipowner than would follow ordinary construction, but in return the Government has always a reservoir of ships for use in time of war. The ships are so constructed that they may be armed if need be and converted rapidly into instrumentalities of national defense.

The reduction in armed vessels for war makes of greater importance the possession of an adequate merchant marine. Today, if all the navies of the world were sunk the merchant marine of each country would constitute its navy, and the nation possessing the largest merchant marine would possess the biggest navy.

It is of the greatest importance to consider that while, under the Merchant Marine Acts of 1920 and 1928, we have

built 57 ships and reconditioned and rebuilt 40, France has built 56, Japan 67, Germany 79, and Great Britain 601.

#### OCEAN MAIL PAY HAS SAVED MONEY FOR THE GOVERNMENT

Only by means of the ocean mail pay has the Government been able to dispose of its merchant ships. As shown in a recent editorial in *Marine Age*, the total expenditure for mail service for the fiscal year 1932 was \$22,431,791, and the mail postage revenues from these vessels were \$5,182,000, or a cost to the Government of \$17,249,791, which after all was not a loss, for the operating expenses of the Government-owned ships from 1921 to 1926 had averaged \$40,430,000 a year, so that by an expenditure of \$17,000,000 in round figures the Government had saved \$23,000,000 per year.

#### NO LOSSES TO THE AMERICAN PEOPLE

In 1924 a select committee was appointed to consider Shipping Board and Emergency Fleet operations, policies, and affairs. The majority report was written by Hon. Ewin L. Davis, former chairman of the House committee. He answered in the following language the claim that the sums spent for an American merchant marine constitute a loss to the American people:

As a matter of fact there have been no losses to either the Government or the American people when all the facts are properly considered. The advantages and benefits have far outweighed the expenses incurred in maintaining our important foreign trade routes, even though it is conceded that it might have been done more efficiently and more economically. This fact was graphically and cogently illustrated by the occurrence last year when the western grain farmers of the United States were unable to market their grain abroad for lack of available ocean tonnage. At that time a most serious situation confronted the agricultural interests of the United States, due to the fact that there was an exportable surplus of grain amounting to between two hundred and three hundred and fifty million bushels for which no market had up to that time been found and the presence of which in the United States operated to demoralize the domestic market and reduce the price of wheat to \$1 a bushel and less—far below the cost of production.

It was apparent that when the demand for American wheat did arise, if the wheat could be delivered in foreign markets promptly, the result would be relief from depression and a rapid enhancement of price and increased returns to the American wheat grower. The problem was solved by utilizing Shipping Board vessels. And while it is estimated that the actual expense in operating such additional vessels amounted to something less than a million dollars, yet the price of grain by reason of such movement increased more than \$650,000,000.

Mr. Davis said further:

This is but one of the many instances of the value of the American merchant marine. In fact, had it not been for the American merchant marine at the close of the World War, the United States would probably have paid out in increased ocean freight rates alone more than the total cost of the Government fleet. It was the Shipping Board which brought about, through the control of its tonnage, constant reductions in ocean freight rates which inured to the benefit of American producers, industries, and shippers. This tremendously important fact cannot and should not be overlooked in estimating what the American merchant marine is worth to the American people. The Government-owned fleet has, in fact, been a valuable asset rather than a millstone about the necks of the American people as some would have the Nation believe.

The select committee made recommendations as to the future disposition of the ships then owned by the Government, and the majority report written by Mr. Davis said:

*So far as our existing trade routes and services are concerned, we favor a definite, unequivocal declaration that they will be maintained and vigorously operated either by the Government or by private American citizens. We favor a continued and permanent operation by the Government until such time as those ships and services can be sold to responsible American citizens under an unconditional guaranty of continued and unimpaired operation in the same services and under the American flag.*

Italics mine. Constituting the majority who submitted the above report were four of the ablest Members this House has ever had, the Honorable Ewin L. Davis, of Tennessee; William B. Bankhead, of Alabama, at present with us; Tom Connally, now in the United States Senate from Texas; and Hon. Henry Allen Cooper, of Wisconsin, who served here with distinction until his death a few years past.

One of the last services rendered by the Honorable Clay Stone Briggs, of Texas, was when he appeared before the subcommittee in connection with this legislation. I miss



him more than words can express. He has left a void which cannot be filled, and his going has added to my burdens beyond measure. I went to him for counsel and advice, and he never failed me.

Mr. Briggs called attention to the indisputable fact that the average freight bill the United States pays out for ocean freight is \$750,000,000 to \$900,000,000 a year, and in the operation of American ships Americans have been getting about one third of that; that is, from \$250,000,000 to \$300,000,000 in payments here at home, used in support and maintenance of our enterprises at home and in the employment of labor.

The records of the Shipping Board show that from 1921 to 1930 the payments to American vessels for the carriage of our foreign water-borne trade averaged \$300,000,000 per annum, or a total of \$3,000,000,000 for the 10-year period. If we had not had American ships in which to carry American commerce this huge sum, about equaling the total war cost of the American merchant fleet, would have been paid by Americans to ships of foreign countries and the money would have been spent abroad instead of in the United States.

The possession of a large number of merchant ships under the American flag has resulted in a saving of ocean rates to American commerce, including not only in the movement of cotton, grain, and other agricultural, but also manufactured products as well, of at least \$150,000,000 annually, averaged for each of the years since the close of the World War in 1918, or a total saving estimated by experts at approximately \$2,000,000,000 for the period indicated.

In testimony before the Merchant Marine Committee, it was asserted that but for the possession and operation of the American ships an increase of at least 20 percent in ocean freight rates would have been levied by foreign lines upon American commerce.

When it is remembered that the producers, manufacturers, and shippers of the United States have been paying an ocean freight bill of approximately \$900,000,000 a year since the World War, it is readily seen that a 20 percent increase or an added ocean freight bill of \$180,000,000 a year would be no inconsequential or insignificant tribute upon American commerce.

#### CANCEL MAIL PAY AND WHAT FOLLOWS

Without Government aid at present the American merchant marine cannot survive. Foreign countries are sparing no effort to undermine and destroy the American merchant marine. They know that with its loss the existing fleet will return to the Government and that the Government will be compelled to pay out enormous sums for operation or will tie up the ships. Even if operated, replacements would not follow. When the ships should wear out, foreign countries would regain control of the seas and levy tribute at will. American commerce would be at their mercy.

As Mr. Briggs wisely said in his last appearance on this subject:

If the American merchant marine should be abandoned, it would not only subject the farming and manufacturing interests of the United States to an enormous increase in ocean freight rates with destruction of our ability to carry our commerce to every port of the world, without regard to ships of other nations, and would not only deprive America of a revenue of ocean freight receipts of from \$250,000,000 to \$300,000,000 annually and our Navy of all auxiliary vessels, but would likewise result in the loss to the United States of loans upon new ships of approximately \$150,000,000 and of many millions more in unpaid amounts of purchase money still due the United States in the sale of its lines to private interests.

The purchase money still due for lines sold aggregates \$26,283,133.74, while the loans on ships rebuilt and reconstructed amount to \$133,283,440.37, or a grand total of \$159,566,574.11. These moneys are secured by a first lien on the ships, but if seized by the Government the contribution of \$66,250,000 made out of private funds will be lost.

Among the other results which may flow from cancelation of ocean mail contracts are the following:

First. Foreign lines will immediately seize the opportunity of taking over the services from which lines are withdrawn or

on which sailings are reduced, and this they will have no difficulty in doing with their large amount of idle tonnage.

Second. The shippers and merchants who have supported the American-flag services will feel that faith has been broken with them. Their good will may be considered as irretrievably lost, for, having been abandoned by their Government, they cannot be expected to turn again to the American flag. One of the greatest handicaps which the American merchant marine has suffered has been doubt in its permanence.

Third. The foreign lines will undoubtedly pursue a rate policy such as they have pursued in the past, which will give them the utmost benefit in revenue irrespective of the damage which that policy may mean to our foreign commerce, and such a policy will add many millions in freight charges which our foreign commerce will have to bear.

Fourth. Suspension or cancelation of services must necessarily result in the destruction of shipping agencies which have been built up during the past 14 years, both here and abroad, and which were so sadly lacking when our services were first established; the loss of this trained personnel may be considered as a deathblow to the American merchant marine.

Fifth. If the vessels are taken over by the Government and operated by it, the cost will far exceed the ocean mail pay.

Sixth. If the vessels are taken over by the Government and not operated, a considerable portion of the cost of the present ocean mail pay must be expended in placing them in lay-up, preserving the vessels and their equipment, and for repairs which will be inevitable before the vessels can be placed in operation again.

Seventh. The abandonment of our present services will stop the development of port facilities in the interest of the most economical movement of our foreign commerce such as is now being done under the declared policy of our Merchant Marine Act.

Eighth. The abandonment of these services will affect the livelihood of American seamen and their families; they will be thrown out of work with little chance for reemployment, as foreign lines employ crews of their own nationalities.

Ninth. The abandonment of these services will mean the loss of millions spent in this country for repairs, ship supplies, equipment, stores, and food; will demoralize all services and business established on the faith of continued service; will reduce by millions the buying power of the Nation; will create unemployment and distress in the home life of our licensed officers and other ship personnel, as well as the shore personnel; and will make it impossible for decades, if not for a century, to establish an American merchant marine.

Tenth. The suspension or cancelation of these services will remove the greatest and most beneficial factor in stabilizing freight rates. We are now in position to have a part in the fixing of these rates and to force reasonable rates through this Government's control over its own shipping. Moreover, under the Merchant Marine Acts of 1916, 1920, and 1928 we may prevent deferred rates, retaliations, discriminations, or unfair practices, and compel filing of reports, rates, and full memoranda of facts, all of which will be lost without an American merchant marine under our regulation. Retaliatory tariffs at present operating against American commerce would certainly not invite us to surrender existing instrumentalities for our defense, commercial or political.

#### AMERICAN MERCHANT MARINE AS MUCH ENTITLED TO PROTECTION AS ANY OTHER INDUSTRY

The American merchant marine is engaged in international business and is in direct competition with the world. If industries at home are entitled to protection, by all the more reason should the merchant marine which operates in direct competition with foreign ships be entitled to protection. We are extending relief to banks, railroads, insurance companies, industries of all kinds, agriculture, and almost every line of trade. By what process of reasoning then may we deny relief to the merchant marine and surrender in



these troubled times one of our greatest instruments of national defense?

The ocean mail contracts have a maximum life of 10 years only, and if renewed these contracts can be made for shorter terms and for smaller amounts. Some of the contracts do not cover so much as 10 years. According to most of these contracts new ships must be built and so the merchant marine will be kept modern.

If the merchant marine is assured of permanency, Americans will patronize it more freely, and with that patronage Government aid may be reduced.

Complaint is made by some foreign countries that Government-supported ships are taking from them business to which they are entitled. The claim is untenable. We are carrying now only thirty-odd percent of our own trade; that is, of our exports and imports. We declared in 1920, and reaffirmed that declaration in the Merchant Marine Act of 1928, that it was necessary for the national defense and for the proper growth of our foreign and domestic commerce, that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States. No fair-minded nation or individual can deny that such an objective is reasonable.

#### NATIONAL ADVANTAGES OF AN AMERICAN MERCHANT MARINE

First. By an adequate merchant marine our country is placed on a more equal footing to compete in the world's markets to enable us to expand our foreign trade.

Second. Our country may obtain a fair share in the revenues derived from the vast carrying trade. These revenues of American ships constitute an important item, among the so-called "invisible items", toward a balance of our international trade in our favor.

Third. An adequate merchant marine makes available ships necessary for national defense to serve as a naval or military auxiliary in time of war or national emergency at the minimum cost to the Nation.

Fourth. An adequate merchant marine enables the United States to be represented in international trade conferences and have a voice in the making and controlling of ocean freight rates, thereby protecting our foreign commerce from discrimination and combination which would impose onerous freight rates.

Fifth. An adequate merchant marine provides employment for American labor in an essential American industry by the building and repairing of ships in American shipyards—a specialized industry which requires the steady employment of skilled artisans to produce ships at the minimum cost, thereby making available a sufficient number of ship building and repair establishments with a trained personnel to meet a national emergency.

Sixth. An adequate merchant marine furnishes employment for American labor and establishes a nucleus for a trained sea-going personnel indispensable to our national defense.

The charges made in foreign countries against our merchant marine activities are without foundation in reason or fact. The United States, in its shipping activities during the last decade, has built less new merchant tonnage than any of the principal maritime nations, with the exception of one whose tonnage practically equals that of the United States, Great Britain outbuilding us 9 to 1 in tonnage and nearly 13 to 1 in number of new ships.

Although our ocean-going merchant marine is only one half the size of the British, and that part of our merchant marine which engages in international trade one sixth the size of the British, the United States has scrapped more in tons of ships during the last decade than has Great Britain or any other country.

American ships engaging in the foreign trade of the United States, in volume of tonnage carried, are matched by British-flag vessels.

Of vessels of 15,000 gross tons and over built by the six principal maritime nations during the past 10 years, out of a

total of 95 ships of 2,209,000 tons, this Nation's share is 11 vessels of 226,000 tons.

Of vessels built for the same period of over 25,000 tons each the United States has not built, nor is building, any; while Great Britain, France, Italy, and Germany have built or are building 18 of nearly three quarters of a million tons, some of which have speeds up to 30 knots and are about 70,000 tons in size.

In 1922 the Washington Arms Conference resulted in the United States sacrificing naval supremacy. The United States scrapped 850,000 tons of vessels built and building, which constituted the cream of the Navy. We scrapped twice as much as the British and more than the British and Japanese combined. The Geneva Conference accomplished nothing, and at the London Conference the United States again made concessions.

We must not now scrap our merchant marine, but should continue building to a point commensurate with the position we now occupy as a world power. We have rights as a maritime nation, and we must maintain and preserve them.

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

#### FEDERAL TRADE COMMISSION

Mr. PATMAN. Mr. Chairman, in regard to the Federal Trade Commission appropriation, the last bill that was passed by Congress reduced the appropriation of the Federal Trade Commission almost one half million dollars under the present appropriation. It was thought at that time that the Federal Trade Commission was not performing its duties in compliance with the law creating the Commission.

The Federal Trade Commission was organized at the request and upon the insistence of President Wilson. He made a campaign in 1912 against trusts and monopolies. One of his statements was that private monopoly is indefensible and that a Federal Trade Commission should be organized, not for the purpose of encouraging and promoting monopolies or trusts, but for the purpose of destroying monopolies and trusts, and protecting the people against them.

#### CREATION OF FEDERAL TRADE COMMISSION

The original act creating the Federal Trade Commission was a good law. It was well-meaning and for a long time was carried out in a very satisfactory manner, but in 1925 the procedure of the Federal Trade Commission was entirely changed. Instead of its continuing to be a commission that would safeguard the interests of the public and protect the rights of the people against monopolies and trusts, it commenced a course of procedure which resulted in the organization of trusts and monopolies.

#### TRUST-ORGANIZING BODY

May I invite your attention to the fact that the Federal trade practice conference work that has been conducted by the Commission for the last 3 or 4 years is nothing more than a trust-organization work conducted by an agency of the United States Government.

On different occasions I have cited to the Members of the House specific instances where the Federal Trade Commission brought members of a group of one of the industries together and where they aided and assisted the members of this group in framing rules and regulations which had for their declared purpose the fixing of prices that the consumers of America must pay. This has been done in more than a hundred cases. This was done in the face of the fact that the Federal Trade Commission had no power on earth to prevent the charging of an unreasonable price. The public was not protected in any sense of the word.

#### COMMISSION VIOLATING LAW

I do not believe that any commission should have the right to do this. It is not legal work that they are conducting; it is illegal work they are conducting. I do not believe, as just one humble Member of this body, that our antitrust laws or our antimonopoly laws should be weakened in any sense of the word. [Applause.]

On the other hand, I believe they should be made more rigid, more strict, and should be more diligently enforced.



I do not care who composes a commission sitting here in the city of Washington, that commission cannot conduct the affairs of the people all over this Nation in a satisfactory manner and properly protect the rights of the people. It is not possible, and during the last 4 years we have witnessed a time when not one person in the United States has gone to jail for violating the antitrust laws or the antimonopoly laws; not one person has paid a fine because he violated these laws. If I am wrong about this, I want you to speak up. I have been watching the newspapers and the different reports, and yet I have been unable to find where one person has paid one dollar of fine or served one hour in jail during the last 4 years because he violated the antitrust or antimonopoly laws of this country. A few wrists have been very gently slapped with a very small velvet hammer.

Mr. GRIFFIN. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. GRIFFIN. Is not that circumstance due to the fact the Federal Trade Commission issues an order to desist to the corporation or combination that offends, and requires them to discontinue such practices?

Mr. PATMAN. It means the Federal Trade Commission has kept them out of the courts and has let them go ahead and violate the laws. The Federal Trade Commission has no more right to issue a cease-and-desist order and enforce it than I have, or the gentleman from New York.

The members of the Federal Trade Commission do not have the power and authority they claim to have. They have been exceeding their authority; have, in effect, been using the United States mails to defraud; and have been guilty of malfeasance in office. I hope the President makes a clean sweep in the reorganization of the Federal Trade Commission.

Mr. GRIFFIN. If they desisted, then there was no further mergers or violation.

#### STRONGER GRIP ON THROATS OF PEOPLE

Mr. PATMAN. They merely use the Commission to get a little stronger grip on the throats of the people. The Federal Trade Commission has hindered the enforcement of the antitrust and antimonopoly laws instead of assisting in their enforcement. This Commission has acted against the rights of the people instead of for their rights; it has cooperated with and assisted law violators instead of trying to prevent law violations. Big monopolies and trusts do not fear contests in the courts to determine if they are in or out of the twilight zone; they fear criminal prosecutions. If we really want honest-to-God enforcement, we must start with the criminal laws.

If you permit a merger you throw people out of work, and as you throw people out of work business loses customers; farmers cannot sell what they produce and factories cannot sell what they manufacture. Therefore, the farmers and wage earners lose buying power. The more mergers you have the more employees are out of a job, and the more customers you lose. You have got to restore buying power.

#### DEMOCRATIC PLATFORM OF 1932

Now, I want to call the attention of gentlemen to a plank in the Democratic platform of 1932. It reads:

In this time of unprecedented economic and social distress the Democratic Party declares its conviction that the chief causes of this condition were the disastrous policies pursued by our Government since the World War, of economic isolation, fostering the merger of competitive business into monopolies, and encouraging the indefensible expansion and contraction of credit for private profit at the expense of the public.

May I suggest to my Democratic friends that if we do anything to encourage monopolies, mergers, combinations, or weaken the antitrust laws, I believe we will be going in contradiction to the promises of our platform of 1932.

Mr. McFARLANE. Will the gentleman read the Democratic plank on the antitrust law on the next page?

Mr. PATMAN. I have not that before me just now. Will the gentleman please find it for me in this book?

Mr. McFARLANE. I will find it for the gentleman.

Mr. PATMAN. Instead of making the laws weaker we should make them stronger; instead of enforcing them

through a bureau, we ought to have the investigations conducted by a grand jury, and by those who have a right to take them into the courts of this country and put them before a jury, and if they are guilty send them to jail, the penitentiary, or fine them.

Now, what chance would the consumers in this country have if all the power was left to a board of five members in Washington? I can give you a specific instance.

Mr. McFARLANE. I have found the plank in the Democratic platform.

Mr. PATMAN. Here it is:

We advocate the strengthening and impartial enforcement of the antitrust laws, to prevent monopoly and unfair trade practices, and revision thereof for the better protection of labor and the small producer and distributor.

#### HELP INDEPENDENT BUSINESS

In other words, we want to help out the independent business man. We want an individualistic system. We do not want monopolies. We do not want trusts. We want small business institutions in every town. Let us have competition; let us have the people at work. We want different small business concerns instead of having a few large monopolistic concerns doing the business of the country.

The ideal situation, we are told, would be to have one grocery system in each little town, one department store, one garage, one place where automobiles are sold, and one establishment only for the handling of each class of merchandise. But if you do that, you will destroy our country. You want to put the people to work—they are anxious to work—and when you do you will restore our buying power. If people do not have the buying power they cannot purchase. A few large bankers who use the credit of this Nation free are now in control of the large industries. Are we going to reward them for the substantial part they have contributed toward this panic by giving them a new, firmer, and more profitable grip upon the throats of the American people?

If mergers, monopolies, and trusts continue as they have the past 5 years, it will not be 5 years before practically all jobs will be dispensed and practically all capital invested under the supervision of a handful of men in New York City. They are running and ruining the country now; let us not legalize their wrongful acts and further encourage their greed. Let us give the plain folks a chance, the ones who build our country in time of peace and save it in time of war.

#### WHAT SHOULD BE DONE

I believe that the present antitrust and antimonopoly laws should not be in any sense of the word weakened or impaired; that said laws should be strengthened and rigidly enforced; that instead of continually investigating violators by commissions without power to punish, which stand in the way of proper enforcement and never result in more than a mild wrist-slapping, the Department of Justice and all United States attorneys throughout the Nation should be instructed to file and diligently prosecute both criminal and civil actions against all offenders; that we encourage an individualistic system for industry, including the operation of independent business establishments by the owners thereof; that trusts and monopolies be curbed by proper criminal laws rigidly and strictly enforced, to the end that small and independent producers and distributors may be permitted to pursue their business without destruction.

#### STRUGGLE OF 50 YEARS

Therefore, it is not in the interest of the general welfare; it is not in the interest of our country that we have further mergers or monopolies, or that we permit anything to be done that may weaken or in any way impair the Sherman or Clayton Acts.

Mr. LOZIER. Is it not true that the present antimonopoly laws are the fruitage of 50 years' struggle on the part of the American people against monopoly and unfair control of economic and business forces of this Nation?

Mr. PATMAN. The gentleman is correct, and I thank him for his contribution.



The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. TABER. Mr. Chairman, I yield the gentleman 5 minutes.

#### REDUCTIONS FOR VETERANS

Mr. PATMAN. Mr. Chairman, I want now to refer to the veterans' part of this bill. The largest reduction in this bill is for veterans. In fact all of it except \$7,000,000 is on account of veterans—a reduction of \$460,000,000. When the economy bill was passed, very few contemplated that the men having service-connected disabilities would receive much of a reduction. The gentleman from Virginia [Mr. WOODRUM] made a very fair and interesting statement this morning, but I think he left the impression that a large number of service-connected cases would receive substantial increases under the terms of this bill. I suggest that the number of increases will be very, very small. They will be the exception rather than the general rule. On the other hand, my investigation discloses that men who have service-connected disabilities, who will remain on the pension rolls, will continue to receive just about 50 percent of what they have received in the past.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. KVALE. Carrying out what the gentleman says, the preliminary survey up to the point where it was reached last Monday at the Fort Snelling regional office revealed that the 470 cases reviewed received a compensation aggregating \$16,000 in pensions; 78 were removed altogether, and the remaining three hundred and eighty-odd will receive a total of \$6,000 as against the present \$16,000. That bears out what the gentleman is saying.

Mr. PATMAN. I thank the gentleman. There are 365,000 service-connected cases. The gentleman from Virginia will take issue with me. He will say that some of these cases are not service-connected; but they are service-connected, because the Congress has heretofore said they are. After hearing the best medical testimony on that, this Congress said by solemn legislative act that those cases are service-connected disabilities, and told those men to cease and desist from further presenting proof of their service connection; that it would be wholly unnecessary in the future. After we told them that, and 8 long years have expired and the proof is no longer available or has been destroyed or the witnesses have died, we come along now with a legislative act and strike off 160,000 of them and solemnly declare again that their disabilities are in no way connected with their military service. Mr. Chairman, this is a very serious proposition; and I asked the gentleman this morning the question as to whether or not these cases would be reviewed by the administration by classes or groups or whether individual cases would be passed on. That is very important. The President has the power if he wants to, but I am sure that he will never exercise it—to pass on individual cases—he could not afford to do it; he could not pass on individual cases, and they will have to be passed on by classes and groups.

In the Economy Act that was passed, and under this act, the veterans that have been placed on the pension roll by private act, by special act of Congress, receiving compensation are reduced only 15 percent. The reason they are receiving the pension is because they did not come under the general laws. Some of them had dishonorable discharges, some of them had deserted from the Army, the Navy, or the Marine Corps during the time of the war and were not entitled to pensions or compensation, but Congress put them on the rolls anyway. They are allowed to stay on the rolls. Under the economy bill they were not touched, not one dime taken from them, and under this bill they are compelled to take a reduction of only 15 percent.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Chairman, in this day of storm and stress something should remain firm and

secure. The pledged word of the Government of the United States should be as solid as Gibraltar. Yet this bill carries at least six legislative provisions which will bring uncertainty and fear in great areas of employment and industry. I agree with every word stated by the gentleman from Virginia [Mr. BLAND]. He has made an eloquent and unanswerable plea for the merchant marine as a great American program for the public welfare. Having agreed to his argument, I feel it is impossible for me to support a measure which would have the effect of completely destroying our merchant marine if the powers it gives are exercised by the Executive.

Mr. ARNOLD. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. Not now. I go farther and state that when the Government contracts with an individual, the Government certainly must take on the same obligations as the individual. When the Government makes a contract it certainly should not plead its sovereign right and refuse to carry out the obligations which rest on the other party to the contract. When the American citizen makes a legal contract with the Government he ought to be assured that that express agreement will be carried out to the letter. The provision in this bill which completely nullifies that fundamental right on the part of the citizens is unjustifiable and should not have the approval of Congress.

I want to take up the air mail situation, which has been referred to by my friend from New York [Mr. TABER], the ranking member of the Subcommittee on Appropriations, having this bill in charge. The Congress of the United States during the last 8 years has established a policy, has written legislation, as to the method of encouraging commercial aviation through air mail contracts. Under the law contracts have been entered into by men who have invested millions to prove their good faith. We have built up a great, new industry in this land. Five hundred million dollars have been invested in aviation. There are 6,000 employees directly employed by the scheduled air transportation companies. Their average pay is \$2,000 a year, which means a pay roll of \$12,000,000 a year. There are 1,200 trained pilots ready for their place in national defense. If the Government had to maintain these pilots it would cost \$6,000,000 a year. Mr. Chairman, the contracts which have led to these developments are more sacred than contracts between private individuals, because the Government is protected by many express restrictions in the contract itself.

We heard the gentleman from Texas [Mr. BUCHANAN] speak about there being only one reason for which these domestic air mail contracts can be canceled. The gentleman is vastly mistaken about that. We have hedged those contracts about in a dozen ways, and the contractor must meet them or the contract can be canceled.

I hold in my hand a contract made by the Post Office Department with air mail contractors. This is a route certificate granted under the law in return for the surrender of an original contract.

Mr. McFARLANE. Will the gentleman yield at that point?

Mr. KELLY of Pennsylvania. I hope the gentleman will let me finish my statement.

This is a route certificate which is given a contractor when he surrenders his original contract. That original contract was entered into first by competitive bidding. It was made for a 4-year period. It required certain fixed payments to the contractor. Then we passed an amendment to the Air Mail Act providing for certain changes, and providing that if the contractor would surrender voluntarily the contract that he held, a valid, written, and legal contract, we would issue him a route certificate, which would extend for a period not to exceed 10 years, including the 4-year term. The term of these route certificates will expire on the 6th day of April 1936. All contracts are now route certificates. The contracts have been transferred into the new contract known as a "route certificate." In that certificate, which is held by American citizens, investing in American airplanes and equipment, employing American workers, there are many express provisions as to how those



contracts must be carried out. For instance, it does not merely require that if the contractor willfully refuses to carry out the regulations of the Post Office Department, it shall be canceled, but it contains a provision like this:

Now, therefore, pursuant to the authority in me vested by the provisions of a law of Congress, \_\_\_\_\_ shall have the right, so long as he complies with all the rules and regulations issued by the Postmaster General, for meeting the needs of the Postal Service and adjusting mail operations to advances in the art of flying and passenger transportation, to carry mail over the route hereinafter set out, or any modification thereof, at rates of compensation to be fixed herein.

Now, Mr. Chairman, if the contractor fails to come up to the modern requirements of the aviation industry, as specified by the Department, this contract may be canceled. If he refuses to carry out such rules or regulations laid down by the Postmaster General, he may have his contract canceled. If he refuses to accept the compensation provided, there is also provision for cancellation.

There is another provision in this contract signed by this contractor engaged in this new industry, as follows:

Upon 60 days' notice to the carrier, the Postmaster General, from time to time, may modify such route by extension or extensions, prescribe the schedule therein and stops thereon, and determine the mileage upon which compensation is to be based.

In other words, the Postmaster General can call in a contractor and change his contract, and in many instances this has been done. The transcontinental air mail line, known as "the Transcontinental & Western Air Express", held a valid contract requiring that 70 cents a mile be paid to them for the night mail service. They gave that up and took a rate of 35½ cents a mile, because the Postmaster General required them to make that reduction. As a result they were compelled to put on 57 percent more mileage on their route for less money than they received under their former contract. This company transports 750 pounds of air mail across the continent in 24 hours at 35½ cents a mile.

Still further, these contractors must furnish aircraft and equipment approved by the Post Office Department or lose their contracts. The contracts may be canceled if any third person was employed to solicit or obtain the contract. It may be canceled if its estimated rate included any commission or brokerage. It is clearly stated in the contract:

And it is understood that a breach of this condition shall constitute adequate cause for the cancellation of this certificate by the Postmaster General.

Mr. Chairman, under the laws as passed in Congress, and under bids that were accepted and contracts legally made, there is abundant opportunity to cancel every contract where there is any reason for it. I submit to you that if there is any contract where there has been fraud or corruption, it of course is void from the beginning, and all the Postmaster General has to do is prove there has been fraud or corruption in connection with the contract, and he will not have any difficulty in annulling it.

I have not heard anyone attempt to prove that any of these air mail contracts have been fraudulently made. I have heard it said that the last Postmaster General gave extensions which went over the appropriations provided by law. I helped to write into the law the provision that the Post Office Department could not obligate the Government for more than was appropriated by Congress. We had an appropriation for 1933 of \$19,400,000. If the Postmaster General gave a contract which runs over that amount, then that contract can and should be discontinued at once. But to attempt to argue from that that all the contracts made for the \$19,400,000 appropriation are therefore subject to cancellation is foolish and ridiculous.

The extensions costing over the amount appropriated cannot be upheld and they can easily be removed from the operation of the air mail system. However, every dollar of the actual appropriation is subject to obligation by the agent of the Government acting in compliance with the act of Congress. Any other decision is unthinkable.

Now, what is going to be the result of wholesale cancellations? Suppose the Postmaster General and the President

indicate that they are considering the cancellation of these contracts. There are orders placed right now from these air mail operators for over \$5,000,000 worth of airplanes and equipment. Do you believe, if this measure even passes the House, that those men will go ahead and make that investment in new equipment when they may lose contracts upon which they had built their plans?

What about the 1,200 pilots who have been trained at the expense of the air mail operators? What uncertainty will be their lot as they face the future?

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman from Pennsylvania 5 additional minutes.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. JOHNSON of Oklahoma. I was interested in what the gentleman stated about extension of air mail contracts. Is it not true that all air mail contracts have been extended until 1936 and that such extensions were made shortly before close of the last administration?

Mr. KELLY of Pennsylvania. Those are the route certificates issued under the law. They expire April 6, 1936.

Mr. JOHNSON of Oklahoma. Is it not also true that the average cost to the Government is about 61 cents per mile?

Mr. KELLY of Pennsylvania. No; that is not quite true. It is about 50 cents on the basis of the entire mileage of the system. The pay at one time was even lower than that, but it is now about 50 cents. The law itself provides a maximum of \$1.25 a mile.

Mr. JOHNSON of Oklahoma. May I make this statement, if the gentleman will permit: I was down to the Post Office Department a few days ago and secured what I thought was authentic information from officials in that Department. But assuming that 50 cents is correct, I am of the opinion that such a price is outrageous. For example, I have in mind a small, independent air line that has been operating in southwest Oklahoma very efficiently for the past 2 years. It has first-class equipment approved by the Department of Commerce. I think it might be of interest to the gentleman and to the country to know that this short air line has been unable to receive any consideration of its application to secure an air mail contract at 10 cents per mile.

Mr. KELLY of Pennsylvania. I understand; but let me say to the gentleman that if this provision goes through, no company will have an opportunity to get any kind of a new contract for carrying the air mail of the United States. Why? Because the purpose of this provision is to cancel existing contracts and to bring the cost down under a system which will be destructive of the present service, to say nothing of new service.

I may say to my friend that the Post Office Committee went into a thorough investigation of this matter. We formulated legislation that was introduced in the last session and is now pending in this session. We started hearings in this session. One object of this effort was to give independent operators who never have had a chance to get a contract, but who desire to carry the mail, an opportunity to do so, and at the same time produce revenue to pay the cost of the service. We provided that opportunity in the bill. After we had started the hearings we received word that we should delay the hearings on the proposed legislation until this provision in this bill could be brought in for action.

In other words, a fundamental plan for the air mail on a basis of mail carried per mile will produce every dollar of revenue that will be paid to the operators. We have the legislation now pending in committee. Why should we destroy all this constructive program by a provision in this bill to permit cancellation of all the contracts without any legislation to build the system on a better basis?

I say to you, Mr. Chairman, it is a foolish policy which would take a great industry which has been built up to an amazing point in a period of 8 years and throw into it utter uncertainty and chaos, with all the results that will flow from such unwise action.

Mr. ARNOLD. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. ARNOLD. The gentleman has given his opinion of how domestic air mail contracts under the certificate plan may be modified under existing law. Is there anything under existing law that will permit a modification or cancellation of ocean mail contracts?

Mr. KELLY of Pennsylvania. Under the ocean mail contracts, in the contract itself, as was stated by the gentleman from New York, there are provisions by which they can be modified, curtailed, and, if necessary, canceled.

I may say to the gentleman there is no necessity for bringing in an abrogation clause here permitting the canceling of contracts and making the Government liable to damages as a result of such cancellation.

Mr. ARNOLD. By the terms of the ocean mail contracts they can only be modified or canceled by mutual agreement. There is nothing which permits the Government to cancel them.

Mr. KELLY of Pennsylvania. The gentleman from New York read the provision from the ocean mail contract. I have read provisions from the domestic air mail contracts.

The Government is hedged about with all kinds of protection. Congress has not been unmindful of proper safeguards for the Government. We have written into these contracts so many restrictions that it makes one wonder how the American citizen who becomes a contractor can carry out the contract at all. He gives bond to guarantee his performance, but there seems to be no guaranty that the Government will fulfill its agreement. However, to put in a direct cancellation provision makes the Government liable for full damages as a result of such cancellation. I cannot understand why it should be suggested that this Congress, after having laid down policies as to ocean mail and as to air mail and having persuaded Americans to invest millions of dollars in reliance upon the Government's good faith, that now, without any warning, we should permit cancellation of all these contracts. It is not fair. It is far better, I may say to the Committee, to use the powers now contained in these contracts. If any of them have been gained by illegal methods they are subject to immediate annulment. If the service is not needed, it may be curtailed.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 2 additional minutes to the gentleman from Pennsylvania.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman again yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. JOHNSON of Oklahoma. Will the gentleman kindly advise the committee what the deficit on air mail contracts was last year?

Mr. KELLY of Pennsylvania. I am glad the gentleman asked that question, although it opens out another angle. The actual deficit in the air mail last year, counting revenues of \$9,000,000, which is the estimate that every person really acquainted with the subject agrees to, would be \$10,400,000. The new legislation that we have proposed aims to deal with an appropriation of \$15,000,000, which was granted in the last session of Congress, for the fiscal year 1934. Under that legislation I confidently believe the actual subsidy would be less than \$5,000,000 for the year.

We can operate this Air Mail Service almost in its present entirety, under constructive legislation, at a cost of \$5,000,000 a year above revenues received, and we can preserve the industry and in 5 years' time be paying not a single penny of subsidy.

Mr. JOHNSON of Oklahoma. Will the gentleman yield again?

Mr. KELLY of Pennsylvania. I am sorry, I cannot yield further.

I have pointed out what can be done by legislation which can be passed by the 1st of July. If there is a real desire to deal with the air mail system on a constructive basis, why should we not consider the legislation which has been under hearings in the Post Office Committee and enact it into law?

The Postmaster General could use its provisions for eliminating unjustified extensions and bring the Service within the appropriation of the Congress. It would make possible a self-sustaining Air Mail Service.

This can be done and should be done. There cannot be constructive action from the operation of this cancellation clause in this bill, and it should be rejected. [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield to the gentleman from Texas [Mr. JONES].

Mr. JONES. Mr. Chairman, for the information of the House, the Senate has just agreed to the conference report on the farm mortgage-currency expansion measure and has receded on amendment no. 33. This finally disposes of all legislative action necessary to the passage of the bill and sending it to the White House. In view of the importance of the measure, I desired to make this announcement to the House at this time. [Applause.]

This bill contains the currency feature.

I am convinced that a controlled expansion of the currency will not only materially increase farm prices but that it is essential to complete national recovery. The dollar is supposed to be a measure of value—a medium of exchange.

We often speak of using dollars to purchase commodities. That depends upon which side of the bargain the trader is located. One man uses money to purchase wheat. The farmer uses wheat to purchase money. When one borrows money to be repaid in the future it is essential to fairness that the value of that dollar remain substantially the same, measured in the terms of the general commodity price level.

Here is where the hitch comes. Translated into farm commodities, the dollar is worth twice what it was worth a few years ago. The private debts of America run into staggering billions. It is impossible to pay these debts with dollars of the increased value of today. Yet the obligation rests not only upon the farmer but upon other producers and upon manufacturers to pay these debts with greatly appreciated dollars. This is responsible for a great deal of the grief and stagnation from which the country has been suffering.

The strange part about this whole situation is that the debts we owe, we owe to each other. Not a dollar is owed abroad. Yet both agriculture and commerce have been chained and almost destroyed by the high-priced dollar.

The credit of the country has been so greatly contracted that the only practical way to offset it is through an adequate supply of money on a sound basis.

Currency and credit are like other commodities. When they are plentiful they are low in price. When they are scarce they are high in price.

Of course, no one wants printing-press money. On the other hand, no thinking person wants money so high priced that it becomes a hindrance rather than an aid to commerce and exchange.

Foreign countries have, by revaluing their unit of money on a lower basis, practically destroyed the market of the surplus farm products of America.

Any expansion should be properly controlled. Germany went to the extreme by increasing the volume of currency to such an extent as to practically cancel all debts. This was her deliberate purpose. For the last 3 years we have been going to the other extreme by contracting currency and credit to such an extent as to make payment of debts practically impossible. France, on the other hand, took the middle position, revaluing the franc on such a basis as to make payment of debts possible and yet at the same time increasing to a reasonable degree the farm and general commodity price level.

Through a reasonable increase in the volume of the currency, which can be kept on a sound basis, the prices of farm commodities can be materially increased, debts can be paid, and conditions restored.

Money is the lifeblood of the nation. One might have a perfect body, but if he had only half enough blood, he would suffer torture. On the other hand, if he had too much blood he might suffer from high blood pressure. If he has a sufficient amount of blood, his health conditions become ideal.



Properly controlled expansion of the currency merely means restoration to the normal flow of commerce and trade—a restoration of commodity prices to the point where they would be fair to everyone. Such a step is essential to the proper working out of the different steps in the President's program for national recovery.

For more than 2 years I have been urging action of this character as the way out of the tragedy. If this action had been taken earlier I feel that many other steps that have been taken in an effort to bolster up waning conditions would have been found unnecessary.

The action of the President in approving the amendment granting authority to restore the currency to a proper basis assures its passage and has already had a very fine effect on the general commodity price level. The Speaker designated me as head of the House conference committee to consider this currency amendment along with the other features of the bill. The conferees felt that action of this kind was necessary in this emergency. I believe the entire conference committee was in agreement on this subject. We therefore urged the adoption of a rule which provided that the House concur in the Senate amendment. This action was taken by the House.

This measure, embodying as it does the farm-mortgage refinancing provisions as well as the currency program, is generally considered to be the most important and far-reaching legislation ever presented to the American Congress. The Senate and House have now agreed on all of the provisions of the bill. It will be sent at once to the White House for Executive action thereon.

Mr. WOODRUM. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman, I discussed the other day, in the adoption of rule for this bill, the provision for the cancelation of transportation contracts. I am not going to say much more about that subject except to read from a domestic air mail contract that was actually executed. I shall read the provision with respect to the power of cancelation. This is section 15 of the contract:

This certificate may be canceled by the Postmaster General at any time for willful neglect on the part of the holder to carry out any rule, regulation, or order made for its guidance, notice of such intended cancelation to be given in writing by the Postmaster General and 45 days allowed the holder in which to show cause why the certificate should not be canceled.

This settles beyond question that the only manner or method by which an air mail contract can be canceled is by willful neglect on the part of the contractor to carry out his duties under the contract.

Let me show you the situation that exists. I am not going into the legality or illegality of contracts entered into by Postmaster General Brown or the legality or illegality of his action in entering into these contracts, because I went into that yesterday, but here are the circumstances:

There are 23 of these contracts. When we passed the law providing for this service and intending to subsidize it—and we are subsidizing it—we passed it based upon the proposition that the only air mail routes that should be established were air mail routes that would ultimately become self-sustaining.

The purpose was to encourage and build up air navigation. Now, it is the opinion of the present Post Office Department that some of these routes that have been established will never become self-sustaining. If the Postmaster General says, "Here is a route that ought to have become self-sustaining, but experience has demonstrated it will never become self-sustaining", is there any use for us to go on and subsidize this route for 3 more years when it is evident that the route will never become self-sustaining?

Certainly, the Congress will not approve a policy of subsidizing an air mail route that will never become self-sustaining, because that would contemplate a continual subsidy for such a route.

This cancelation section merely gives the President the power to have these contracts reviewed, including a determination of which ones will become self-sustaining and which ones will not be self-sustaining, and to cancel or modify such

contracts as he thinks best. Remember that these contracts extend for 3 more years.

There is another proposition involved. Twenty-three domestic air mail routes have been established. As originally established, they may have been 1,000 or 500 miles, but they have been extended from time to time and some of the extensions consist of much more mileage with more cost to the Government than the original contract route, and many of these extensions were unjustified and ought never to have been granted. The Postmaster General is now seeking to know his rights of cancelation over these extensions, but he comes up against the terms of the contract and the law.

The Postmaster General has submitted to the Comptroller General for decision the question as to whether he has the right to cancel extensions of an established route. The Comptroller General has had the question before him for more than 3 weeks and has not decided. This provision will clarify the matter.

Oh, gentlemen, I am talking to both sides of the House. Have you no confidence in the wisdom and the judgment and the fairness and the justice of the Post Office Department and the President of the United States? Can you not trust the judgment of the President of the United States and trust his honor and his integrity to deal intelligently with this question? I shall not go into this particular matter any further.

I am not going to discuss all of these 13 legislative provisions. I would be pleased to discuss any one or more of them that the Members are interested in or that they want to have explained. As I told you the other day, all of them are either for administrative efficiency or for the granting of authority in the saving of money to the taxpayers. While I am on the question of savings, the maximum approximation of the amount that the legislation on this bill can save is \$165,000,000, and when I give this approximation, it is the maximum saving, in my judgment, that could be accomplished.

Under the 30-year retirement feature, which is set forth on this chart [indicating], there could be a saving of \$30,000,000 a year if all the employees with 30 years or more service were retired and no one appointed to any of the vacancies.

Under the section providing for administrative furlough in the departments and authority to modify rural carriers' equipment allowance, a maximum of \$20,000,000 might be saved.

There is a section which provides that the President may increase the charges for services rendered by and for things being sold by the Federal Government up to the actual cost to such services or articles to the Government. That might reach \$100,000,000, including some of the charges in the Postal Service.

Take the Agricultural Department. We have a law which provides that the individual can procure the service of Government experts to certify to the class and soundness of perishable fruit and vegetables. So far the Government has lost 35 percent of the amount expended.

We have a law for the branding of meat for the benefit of the packers. We have been getting back only 55 percent of the amount expended on that service. We are providing the expert services of Government employees, and why should not those who get the service pay the actual cost of that service to the Government?

Now, as to the furlough of Army officers. If they furlough as many as 4,000, the amount saved will be \$9,500,000. It saves two million and a half for each thousand men furloughed. I do not say they will go to the extreme, but any less than 4,000 will save a proportional amount.

Now, as to the modification and cancelation of transportation contracts. We have just been discussing that. We are appropriating \$19,460,000 for this fiscal year, and more than that has been obligated under these domestic air mail contracts.

We are appropriating, for the next fiscal year, only \$15,000,000. Something has to be done to permit the Department to hold the expenditure within the \$15,000,000. This

provision gives the President the power to reduce or modify the contracts, and eliminate ones that he feels should not be continued.

Mr. BLANCHARD. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. BLANCHARD. Do not the contracts provide that on 60 days' notice the Postmaster General may increase, diminish, or modify the service above described and make such alteration in compensation of the carrier as he may deem proper? Is not that ample power?

Mr. BUCHANAN. No. That has been resorted to. The Postmaster General has requested it, and has received it from some and has not received it from others.

Mr. TERRELL. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. TERRELL. How much did the gentleman say the Government had lost from the inspection of fruits?

Mr. BUCHANAN. A loss of 35 percent of the amount expended.

Mr. TERRELL. We have a general inspection in our State by the Federal Government affiliated with the State. We pay the Federal Government \$1 a car and we expect that covers the cost.

Mr. BUCHANAN. It lacks 35 percent of doing it.

Now, in reply to the gentleman from Wisconsin as to the power vested in the Postmaster General. It is like the power vested in the Interstate Commerce Commission to regulate freight and passenger rates. The courts have read the "rule of reason" into all these contracts. They have read the rule of reason into it, and hold that the rates cannot be reduced below the point where the contractor would have a reasonable profit upon his investment. You have 23 air mail contracts. You cannot maintain all of them and allow the carrier or the contractor a reasonable profit on his investment. What can you do? You must pick out those that will never become self-sustaining and compromise them or otherwise make adjustment as between the Government and the contractor and abrogate the contracts. Then you can by the exercise of this power make adjustment of rates and bring the expenditures within the appropriations.

Mr. GILCHRIST. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. GILCHRIST. The contract providing that the Postmaster General may curtail the service by increasing, diminishing, or modifying the service; can the gentleman tell me the cases on which he relies when he says that the rule of reason must apply to the language of the contract?

Mr. BUCHANAN. The Supreme Court is full of them.

Mr. GILCHRIST. Can the gentleman tell one of them?

Mr. BUCHANAN. I do not recall the names.

Mr. GILCHRIST. I am asking in good faith.

Mr. BUCHANAN. The Supreme Court is full of them. They hold that the Interstate Commerce Commission cannot reduce freight rates below an amount where the carrier can make a reasonable profit on his investment.

Mr. GILCHRIST. Because that is the statute?

Mr. BUCHANAN. No; that is the Supreme Court.

Mr. TABER. But this is a contract, a contract reservation.

Mr. BUCHANAN. I understand it is a contract; but it is a public service, just like the carrying of freight and passengers. Why do you want to force in continuation for 3 more years air mail contracts that can never become self-sustaining at the expense of others that can become self-sustaining? It is contrary to the interest of real air transportation.

Mr. KELLY of Pennsylvania. Is the gentleman familiar with the legislation that the Post Office Committee, under the leadership of the gentleman from New York [Mr. MEAD], has worked out to do the thing that he is asking to have done here?

Mr. BUCHANAN. If the Post Office Committee has worked out a bill that will do the thing I am advocating, and if the gentleman will guarantee that the bill will pass both branches of Congress, then I would be willing to forego this legislation, so far as domestic air mail contracts are

concerned. I am trying to help out the President's program. However, this cancellation authority covers ocean mail contracts and foreign air mail contracts that are not covered by the bill the gentleman refers to.

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. GLOVER. I want to get some information with reference to the expenses of carrying on the Federal Trade Commission. The bill carries \$920,000 for that Commission. From the gentleman's investigation of that activity, does he not believe that could be reduced by at least half, and yet leave the Commission where it can function just as well as it is doing now?

Mr. BUCHANAN. To be perfectly frank with the gentleman, my individual opinion is that \$900,000 is entirely too much. I think it could not be cut in half; but I understand that there are some special investigations to be conducted, that the administration wants to have conducted, of highly important matters, and, therefore, very reluctantly I agreed to the \$900,000 in deference to the administration.

Mr. GLOVER. Is not that the reason that has been assigned every time for keeping these amounts up?

Mr. BUCHANAN. I am not informed on what has happened every time, but I am telling the gentleman about this.

Mr. COLE. Mr. Chairman, I suggest that the new securities act imposes a great deal of work upon the Federal Trade Commission.

Mr. BUCHANAN. Yes.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. JOHNSON of Texas. What about this efficiency rating as compared to the apportionment of various States? Has the gentleman discussed that yet, or is he going to discuss the question of discharging employees from different States?

Mr. BUCHANAN. Since the gentleman has brought it up, I shall discuss that now, and that will probably take the remainder of my time. The President requested the right to retire Government employees who had served 30 years or more under the terms of the Civil Service Retirement Act, and that will give them an average annuity for life of between \$1,100 and \$1,200. Nearly all of them are old. A survey has shown that in the service there are 22,000 employees who have served 30 years or more. The evidence before my committee showed that it is almost impossible that anyone who has served 30 years or more would ever be dismissed from the service by reason of a surplus of employees. Let me illustrate that. Here is an actual grade shown on this chart of 32 employees in the Civil Service Commission. The efficiency record has been placed in column 1 of this chart. When you come to separation from the service on this chart, you start from the bottom of the list; that is, the ones on the bottom must go first. That [pointing] is the efficiency rating alone. That shows you how the separation should be accomplished.

Here are four 30-year men down here. So far as married couples are concerned, where both husband and wife are in the service, under the Economy Act one must go. The "e's" represent those from States that have an over-quota. That is the plan upon which separation from the service ought to be conducted. In other words, I am in favor of the apportionment law when it comes to appointment, but when it comes to separation from the service there ought to be but one test, and that is the capability and the efficiency of the employee, if you want economy and business methods in Government. Therefore, I favor this plan.

Here is the present system in the second column. You start from the bottom in the compulsory separations from the service. The 30-year are all at the top of the list and would be reached last. In fact, the hearings show that out of 100,000 employees only thirty-three 30-year men would be compulsorily separated from the service when separation became necessary.

Mr. TABER. Will the gentleman yield?

Mr. BUCHANAN. Yes.



Mr. TABER. That is, provided they use the same method of efficiency ratings that the regulations now call for, but not have the ratings changed?

Mr. BUCHANAN. I am talking about the present regulations.

Mr. TABER. The present regulations the President can change, however.

Mr. BUCHANAN. I understand that. Now, this system grew up under an Executive order issued by President Coolidge. That order provided that in establishing ratings for separation from the service there should be longevity credits added to the efficiency ratings. For the first year of service an employee got one-tenth of a point for longevity added to the efficiency rating; for the second year two tenths; for the third year three tenths, and so on up to nine tenths, and then for the tenth year, one point; and for every year thereafter 1 point, until it reached a maximum of 25 points that could be added to the efficiency rating. That efficiency record is the actual efficiency record, and together with the donated longevity points, constitute the separation rating. That presents this sort of a case: Suppose you and I had two horses, and we wanted to test which one was the faster. I would say to my colleague [Mr. JOHNSON], "I will give you a quarter of a mile start. We will run a mile, and if I do not win, your horse is better."

Now, is that not ridiculous? What did that Executive order do? It stamped out the stimulus of ambition to excel in the heart of every Government employee who had not served 30 years. It crushed all hope that they could by efficient service gain a steadfast footing at every step and mount to a high station of importance unto themselves and service to the Government.

Mr. THOM. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. THOM. The gentleman assumes that everybody here has been in Congress, but that is not the fact. We would like to understand the present system. Let us have it explained.

Mr. BUCHANAN. Very well. This—column 1—is the actual efficiency rating based upon efficient service alone. In the present system—second column—there is carried forward the actual efficiency rating, plus 25 points donated for longevity, for every man who has served 30 years or more, which makes their separation rating, the rating on which separation from the service is based—119, 117, and so on.

Suppose an employee in the service who has served 9 years made a rating on actual efficiency in the discharge of his duty of 90, and suppose another employee who had made an actual efficiency rating in the discharge of his duty of only 70, or 20 points lower in his service record than the man who served 9 years. Who would go out of service under Mr. Coolidge's order and under the system now in force? The man whose efficiency rating was only 70 points would stay. Why? Because you add to his actual efficiency rating 25 points for longevity, giving him a separation rating of 95. The man who had a rating of 90 on his efficiency record would have  $4\frac{1}{2}$  points for longevity added for the 9 years' service and he would have a separation rating of 94.5. So the inefficient man would stay in the service and the efficient man would go out of the service.

The present separation system is a legally created monopoly in behalf of the man who has served 30 years or longer to perpetuate himself in service until he reaches 70 years of age, regardless of efficiency. I feel confident the Executive order granting these unjust credits for longevity will be abrogated so that real efficiency can prevail.

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. ROGERS of Oklahoma. Is there any way we can make that new system apply to Congress?

Mr. BUCHANAN. Well, I am inclined to think the voters control that. [Laughter.]

Mr. ROGERS of Oklahoma. I think so, too.

Mr. BUCHANAN. And I am inclined to think they did control it in the last election.

I want to talk to you a little more about Government employees. This is the most complicated question before our

committee, and it caused me to make an extensive research into the employment problem and the governmental problem that has arisen thereby.

Do you know that in 1932 the Federal Government had 1,102,000 employees, including the military services? Do you know that in 1912 that same Federal Government had only 375,000 employees, or an increase in 20 years of 300 percent? If the 375,000 do not include military personnel, the percentage of increase is in excess of 200 percent.

Do you know that in 1932 the number of employees in the States and local units of Government was 2,306,849, and that in 1912 there were only 555,000 such employees, an increase in public employees in States and local units of 1,756,000, or over 400 percent? Why?

I read in the United States Daily an estimate, which may not be entirely accurate, but it is substantially so, that there were in 1931 4,000,000 public employees in the Federal Government, State governments, and local units, with a pay roll of \$5,000,000,000 annually. Let us analyze that. On the assumption that we have 120,000,000 people, divide 4,000,000 into that and it makes 30. One employee for every 30 people, including men, women, and children. Divide that 30 by 5, which constitutes the average family in this country, and it makes 6. One public employee in the United States on the backs of every 6 families in the United States. One Government employee. The average salary would be \$1,200. One thousand two hundred dollars on the back of every 6 families in the United States. Divide the \$1,200 by 6 and we have \$200, a charge for the salary of employees as a tax burden upon every family. Can we stand it?

Mr. DONDERO. Mr. Chairman, will the gentleman yield for a short question?

Mr. BUCHANAN. I yield.

Mr. DONDERO. Can the gentleman explain why there has been this enormous increase in the number of Federal employees within this short period of time?

Mr. BUCHANAN. Oh, people blinded with prosperity, the philosophy that the resources of the country could afford it. Demands were made from every section of the country upon Congress for this service, that service, and the other service, until the Federal Government became the agency to render every character of service requested by all groups of the people.

Mr. HASTINGS. Mr. Chairman, will the chairman of my committee yield for a question?

Mr. BUCHANAN. I yield.

Mr. HASTINGS. I think the chairman made it clear that these were not all Federal Government employees, but included in the group were Federal, State, county, municipal, and employees of all forms of government.

Mr. BUCHANAN. The number of employees in the Federal Government increased between 200 and 300 percent.

Mr. MILLARD. While those in other forms of government in this country increased 400 percent?

Mr. BUCHANAN. Yes; they increased 400 percent.

Mr. HASTINGS. So it is not alone the Federal Government which has increased the number of its employees but every form of government has increased the number of employees.

Mr. BUCHANAN. The gentleman is correct.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. JENKINS. I understood the gentleman to say that the number of Government employees had increased 300 percent in 20 years. It strikes me that the gentleman should comment on the fact that during that time we went through the World War, when the Government had three times as many employees as it has now.

Mr. BUCHANAN. Yes; but I am basing my statement upon the number of Government employees in 1932. We ought to have the courage to reduce the number of employees and get back upon a normal basis. That is what I am pleading for now, that we get back upon a normal basis.

Mr. JENKINS. Will the gentleman yield further?

Mr. BUCHANAN. I yield.



Mr. JENKINS. I am in thorough accord with the gentleman, but when the gentleman says we have increased the number of Government employees 300 percent in 20 years, does he not think he should comment on the fact we went through the World War when we had three times as many employees as we have now?

Mr. BUCHANAN. I concede the fact, but I have not time to comment on every factor that may be thought of.

Mr. JENKINS. Certainly not.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. PARSONS. Has the gentleman the figures as to the number of employees at the close of the World War, not counting the personnel of the Army and Navy?

Mr. BUCHANAN. No; I have not those figures.

Mr. PARSONS. Has the gentleman the number we had in 1932?

Mr. BUCHANAN. I have given those.

Mr. PARSONS. I should like to make a further statement, that the cost to the Federal Government in 1915 was only about \$700,000,000 a year as compared to a present cost of \$4,000,000,000. So I think if the gentleman will investigate the figures he will find we have as many Federal employees today as we had at the close of the World War, not counting the personnel of the Army and Navy.

Mr. BUCHANAN. In reply to that question I may state to the gentleman that the salary roll of the Federal Government is about \$1,042,000,000. In 1916, just before the war, the total revenue collected, including the Postal Service, was only \$1,094,000,000 from all sources, and the total of all expenditures was \$1,034,000,000.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 15 additional minutes to the gentleman from Texas.

Mr. BUCHANAN. It matters not whether these employees are Federal, State, municipal, county, or other public agency. They are a tax burden upon the American people that constitute these governments, and we should start a campaign to reduce the number of employees in the Federal Government at least 25 percent. It can be done without material injury to any legitimate function of the Federal Government. Thus we will set an example for the States, counties, and municipalities of the Nation.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. DUNN. Where will these employees go if the Government dismisses them?

Mr. BUCHANAN. They will go out into private industry and try to get jobs just like 12,000,000 unemployed people are now trying to get employment.

Mr. DUNN. Would not the effect of it be that many of them would be going on their knees to ask some charitable organization for assistance?

Mr. BUCHANAN. That might be the case for a while, but recollect that we are now beholding the dawning of a new day and prosperity is going to come to this country before 2 years go by.

Mr. DUNN. I cannot see that.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. LANZETTA. Does not the gentleman think it would be a better policy to advocate the dismissal of surplus Federal employees in better times rather than in times like these when there are 15,000,000 people out of work?

Mr. BUCHANAN. I think not. The gentleman asks if I think it would not be better to wait until we have prosperous times before dismissing employees. In the first place, you are not inclined to dismiss them when you are prosperous, because it was during those times that we took them on. In the second place, we are in such a tragic financial condition that industry will collapse, and bankruptcy will face us, if it does not overtake us, unless we start out now and inspire industry and business with the hope, with the reasonable hope, that we are going to curtail these public expenses, that city, State, and Nation are going to reduce taxation and ease the burden on their shoulders.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield further?

Mr. BUCHANAN. I yield.

Mr. LANZETTA. Has it not been the policy of the Government in the past 2 or 3 years to advocate to private industry the employment of additional help in order to alleviate the situation? If that is so, does not the gentleman think the Government will set a bad example by dismissing all surplus Federal employees?

Mr. BUCHANAN. How in the world can industry prosper, how can it escape the bankruptcy now facing it, unless we decrease the burden upon it? How can this be done without reducing the number of employees and other expenses, a principle for which the President in the White House stands, and for which I hope and pray he will continue to stand until this Government gets upon a sound economic basis.

Mr. LANZETTA. Is it not a question of which is the lesser evil, whether it is best to increase unemployment by discharging these men now or whether the Government should sustain this additional expense a little longer until most of the 15,000,000 people now unemployed get back to work?

Mr. BUCHANAN. I think that the welfare of our country and its people is more important than jobs for a few thousand individuals, and that we should bend every effort and let no chance go by to bring about recovery in the entire Nation and not consider separately the welfare of a few individuals. This is one thing that is the matter with our country now. We refuse to sacrifice a little personal interest for the public good. [Applause.]

I have talked long enough, and I am going to conclude. I want to remind the historians of this House, however, of the French Revolution and what brought it on. The Crown had 15,000 retainers who were paid out of the public treasury. This character of employment increased and increased until the amount paid out of the public treasury amounted to one fourth of the income of the country. The rural or agricultural element revolted and brought on the French Revolution, and the streets of Paris were red with blood.

According to the statement of some national economic organizations and the United States Chamber of Commerce, the expenses of Federal, State, and local units of government in our country amount to \$14,000,000,000. Multiply this by 4 and you have more than the present income of the United States. In other words, this total amounts to one fourth of the income of the American people, the same as it was in France at the time of the revolution.

Mr. PATMAN. Will the gentleman yield for a question?

Mr. BUCHANAN. Yes.

Mr. PATMAN. That statement, I believe, is incorrect, for the reason that a subcommittee of the Committee on Ways and Means, composed of the gentleman from Kentucky [Mr. VINSON], as chairman, and two other gentlemen, made an investigation and discovered that all the expenses of all the different governments, National, State, and local, aggregated less than \$11,000,000,000 a year instead of \$14,000,000,000, as the gentleman indicated.

Mr. BUCHANAN. That is refreshing, and I thank my colleague for the information, but assuming it is \$11,000,000,000, if you will multiply that by 4 you still have about the amount of the income of the United States.

Mr. PARSONS. If the gentleman will yield, the income of the country is estimated at only \$38,000,000,000 last year, and therefore \$11,000,000,000 would be more than 25 percent of our total income.

Mr. BUCHANAN. I think that is somewhat high.

Mr. BUSBY. If the gentleman will permit, I may say that the latest estimate of the national income is from thirty-one to thirty-two billion dollars.

Mr. BUCHANAN. I beseech you gentlemen, on both the Democratic and Republican sides, to lose no opportunity to grant every request of the President for the necessary authority to enable him to administer the executive departments to bring about economy in Government. So far as our judgment approves, let us support every measure that



we think will bring relief to our country and bring us out of this depression; and when we emerge from the depression then it will be time enough to consider extending additional services to the people at the expense of the Government. This is what is the matter with us today. The people are demanding too much service of the Government. They have lost their initiative and have reversed the old principle that the people should support the Government and the Government should not be used to support a few of the people. [Applause.]

Mr. TABER. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Chairman, as a member of the committee that has had this bill under consideration, I wish to address myself to some of its legislative proposals, particularly the item to give the President the right to cancel contracts.

We of the minority believe this provision is unnecessary. I have examined most of the contracts, and under their terms we believe the Postmaster General has the right to modify any one of them and in any way he sees fit.

As far as abrogation or cancellation is concerned, if there is anything improper in any contract, the power is now reserved in him to cancel it. If there is anything fraudulent in any one of them, he can cancel it. However, as far as a contract made in good faith under the terms of an act of Congress is concerned—and I may say that the acts of Congress involved went through this House with the support of both parties on a nonpartisan basis—we believe that during this time of depression, uncertainty, and business nervousness it is unwise for the Congress to declare by law, and herald the fact throughout the country, that the President may cancel a contract made in good faith under the terms of an enactment of the Congress itself.

We believe that the future prosperity of this country must depend upon confidence, and there is nothing that shakes confidence so much or creates so much uncertainty, nervousness, and fear, as a provision of this kind that will be continually hovering over the heads of American citizens who have made a contract in good faith with their own Government.

Therefore, we are sorry to see this legislative proposal in this bill. I have discussed the matter with the Comptroller General, and I believe that if the Director of the Budget or the Postmaster General had consulted the Comptroller General, they would have also agreed that this provision is unnecessary.

I do not expect that any valid contract, made in good faith, is going to be canceled. I cannot believe that. I have faith in the President of the United States and am sure that he believes in our air mail development and our merchant marine development. I do not for one minute believe the President is going to cancel a valid contract made in good faith between the Government and one of its own citizens. I have confidence that the President will uphold our merchant marine policy and protect our merchant marine.

The able gentleman from Pennsylvania [Mr. KELLY] has discussed the air mail contracts. I do not believe there is a man in the United States who is more familiar with the development of the Air Mail Service than the gentleman from Pennsylvania. I had intended touching somewhat on the air mail situation, but after listening to his very able speech, I shall narrow my address to the question of the development of our merchant marine under the Merchant Marine Acts of 1916, 1920, and 1928. I want to emphasize some of the general background and the need for these contracts we are now discussing.

It is very interesting to note that of the first 11 acts passed by the Congress of the United States, 5 of them related to shipping and the development of shipping. We were then a maritime nation. Let me say here and now that our foreign trade, imports and exports, is the greatest prize to be sought after by those nations who have ships upon the sea.

In 1796 we carried 92 percent of our own trade. Between 1796 and the Civil War we carried 77 percent of our import and export trade. We were in those days a maritime nation.

The Civil War came on and destroyed our shipping. After the Civil War the people were interested in the development of the West, and shipping languished. So that after the Civil War, up to the time of the World War, we carried on an average only 10 percent of our foreign trade. The foreign ships carried the other 90 percent of our exports and imports.

Before the World War we had several warning signs of what the lack of merchant ships might mean. For example, during the Boer War, England, who carried the most of our exports and imports, withdrew her ships because of her troubles in South Africa. The result was that freight rates went sky-high. We had no means of keeping them down, and our farmers and manufacturers suffered because we had no ships.

In the Spanish War we had to buy foreign colliers and freighters to supply our own Navy and Army. When President Roosevelt sent the battleship fleet around the world in 1908 we had to go to Great Britain and charter colliers and freighters to furnish the fleet with coal and supplies. Think of it! Those were warning signs of what it meant to be without shipping. But we did not heed them.

Then came the World War. We had only 19 ships in the foreign trade of the United States. Every country withdrew its shipping from our trade routes. The ships that were carrying our export and import trade for us were used for war purposes. We had no ships to replace them, and the consequence was that the produce of the farm and the factory piled up in the ports of Boston, New York, Philadelphia, Baltimore, Newport News, Charleston, Savannah, the Gulf, and the Pacific, and was spoiled, rotted, or damaged on the docks, and our people suffered huge losses. Freight rates again rose to unprecedented heights. At the outbreak of the World War freight rates on American goods rose as follows:

Cotton per hundredweight, from 35 cents to \$11.

Flour per hundredweight, from 10 cents to \$1.

Wheat per bushel, from 8 cents to \$1.36.

General average: Tenfold increase.

This resulted in a paralysis of our commerce, at disastrous loss, because we had no ships to handle it.

We had not learned the lessons of the period between the Civil War and the World War. The beginning of our merchant-marine policy is largely due to President Wilson. In his first message to Congress in 1914, realizing the situation, President Wilson said:

How are we to build up a great trade if we have not the certain and constant means of transportation upon which all profitable and useful commerce depends? And how are we to get the ships if we wait for trade to develop without them? The Government must open these gates for trade, and open them wide; open them before it is altogether profitable to open them, or altogether reasonable to ask private capital to open them.

And again, in his message in 1915 he said:

Moreover, we can develop no true or effective American policy without ships of our own—not ships of war but ships of peace, carrying goods and carrying much more: creating friendships and rendering indispensable services to all interests on this side of the water. They must move constantly back and forth between the Americas. They are the only shuttles that can weave the delicate fabric of sympathy, comprehension, confidence, and mutual dependence in which we wish to clothe our policy of America for Americans.

In 1916 the first Merchant Marine Act was passed. It was followed by the acts of 1920 and 1928. Of course, you all know the great cost of building ships during the war. I have no criticism to make of that act of the Democratic administration.

Three billion five hundred million dollars were spent for ships to supply our own army and our allies overseas. They were not ships that could compete after the war. They were built hurriedly for war purposes. If one ship made one round voyage, it was justified. If it could get across the seas and back with a cargo of food for our allies and ourselves, it was justified; but it cost us \$3,500,000,000. If we had learned our lesson and had had a merchant marine, the war cost for additional ships would have been under \$1,000,000,000.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?  
Mr. BACON. Yes.

Mr. PARSONS. Why is it that our American-operated ships cannot compete with the English and other foreign ships?

Mr. BACON. I intend to take that up, and I will answer briefly now and perhaps refer to it again. It is for three reasons. First of all, the American ships cost more to build, and, second, the American ships cost more to operate. Take, for example, an actual case, an American freighter of 8,000 tons and a British freighter of 8,000 tons, both boats built the same year. The American freighter cost \$95 per dead-weight ton, while the British freighter cost \$57 per dead-weight ton, or a capital difference in this case in favor of Great Britain of \$317,680. The American ship in actual operation costs \$81,000 more a year to operate than the similar British ship. Thirdly, in spite of that differential in favor of the foreign ship, almost every foreign country grants a subsidy to their shipping.

Mr. PARSONS. What is the reason for the difference in cost? Is that in the wages paid in the shipyard?

Mr. BACON. Absolutely; and let me say right there that we pay our workmen—and I am glad we do—a higher wage than do the British, not only in the shipyard but all the way back to the steel mill or wherever the material that goes into the ship comes from. I ought to say also that over 200 major industries are interested in the building of ships we build, in addition to the actual shipyard that puts the ship together. Approximately 90 cents out of every dollar spent in building ships goes to labor.

Mr. PARSONS. And I suppose the same causes may be given for the difference in operating cost.

Mr. BACON. The same is true. For example, under our wise laws, we require certain accommodations for the men on American boats, for the sailors and crew. This increases the cost of the vessel. On this same boat that I was talking about, it cost \$271 a month more to feed the crew of the American ship than the crew of a similar British ship. As far as wages are concerned, it costs \$1,758.32 a month more in wages for the American crew than for the British crew.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BACON. Yes.

Mr. COCHRAN of Missouri. Is it not a fact that most foreign ships are now propelled by motor, while the United States continues to use steam, and that that increases the cost?

Mr. BACON. That is partially true and was one of the reasons for the Merchant Marine Act of 1928, since which we have built some modern Diesel ships.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. BACON. I yield with pleasure to my old Chairman of the Committee on Merchant Marine and Fisheries.

Mr. EDMONDS. Notwithstanding the fact that we spent three and a half billion dollars in actual money on these ships, the profits made on the ships in carrying the merchandise for Americans were also spent. The total expenditure of the Shipping Board, in order to get out of the trouble that we were in at the time of the war, was over \$5,000,000,000.

Mr. BACON. That is correct.

Mr. EDMONDS. I might add that the food is regulated by law.

Mr. McCORMACK. Has the gentleman stated the importance of our merchant marine as a part of our national defense?

Mr. BACON. Mr. Chairman, I am very glad the gentleman brought that out. On that very point I might say that under the Merchant Marine Act of 1928 the boats that are built that carry this subvention—and it is purely a subsidy and was so intended by Congress on both sides of the aisle when the bill was passed—cost more by reason of the very exacting requirements of the Navy Department when they

are built. They are all built for auxiliary war purposes in case of trouble.

At the Washington Arms Conference in 1922 we agreed to surrender our naval supremacy in capital ships and scrapped 850,000 tons of naval vessels building and completed. From then on the competition for naval supremacy was transferred, so far as foreign countries were concerned, to the building of merchant marine tonnage suitable for auxiliary service. The World War had proven the value of fast merchant ships that could be converted into cruisers. Immediately after the arms conference in 1922 England, France, Germany, and Italy started the building of superliners of 25,000 tons and over, with high speeds, for the sole purpose of having them available for war-time cruisers. Sixteen of these superliners have been built and two are now building. These ships are not economical for peacetime trade purposes and must all be supported by heavy government subsidies. We have built none of these superliners and therefore are far behind European countries. Thus we have in effect further sacrificed our naval supremacy, whereas concealed foreign navies have been built under the disguise of merchant marine.

One of the primary reasons for the passage of the Merchant Marine Act of 1928 was to enable us to build useful merchant marine boats that could be used as naval auxiliaries in time of war. Though we have not built the fast superliners, we have built a number of boats that will be extremely useful to our Navy in time of trouble. So at least, as a result of this act, we will not again be put in the humiliating position of having to buy foreign freighters and colliers to supply our fleet as we did during the Spanish War, and we will not again have to charter British colliers and freighters to supply our Navy should it go on an extended cruise as was the case in 1908. Not only were these foreign colliers necessary but they carried foreign coal because in contracting for them it was also required that foreign coal be used, and we were placed in an extremely humiliating situation.

It must not be forgotten that overseas communication in time of war is as important as overland railways. We have had too many examples showing that dependence upon foreign merchantmen is ruinous to our trade and commerce in times of crisis. I have already referred to the predicament we were in during the Boer War, the Spanish War, and the World War. Let me cite another instance: Two years prior to the passage of the Merchant Marine Act of 1928, when we did not have an adequate merchant marine, there occurred in Great Britain the famous coal strike of 1926. British boats, upon whom we had depended to carry our foreign trade, were withdrawn from service and the freight rate on wheat, as an example, went up 100 percent because we were not in a position to fill the gap caused by the withdrawal of these British ships.

Not only is a merchant marine necessary to our Navy in times of national emergency but also the Americans who are trained in the merchant marine are a valuable adjunct to our Navy in time of war. As a result of the Merchant Marine Act of 1928 thousands of young Americans have gone down to the sea in ships. Many of the officers of our merchant marine service since 1928 have become Naval Reserve officers. Let me illustrate from our past history: In 1812, our merchantmen were supreme on the seas and we carried 90 percent of our import and export trade. Five hundred and seventeen American merchantmen were added as auxiliaries to our Navy and were known as privateers. They captured 1,300 prizes of a total value of over \$39,000,000 and materially aided the success that we had on the seas during our war with Great Britain. It is essential that we train intelligent Americans in our merchant-marine service so that in time of trouble they may again be available for our national defense.

Mr. PARSONS. Just one more brief observation. I judge from the way the gentleman is reading from his notes that he has the figures with reference to the cost of American and British ships divided up into the various ele-



ments that go into the operations. I should be very glad if the gentleman would put that in the RECORD.

Mr. BACON. I shall be very glad to put them into the RECORD, and I ask unanimous consent to insert them as a part of my remarks at this point.

The CHAIRMAN. Is there objection?

There was no objection.

The material referred to is as follows:

*Summary of capital and operating differentials against typical American freighter (coal) as compared with similar British freighter*

American cost 8,360 dead-weight tons, at \$95 per dead-weight ton.....\$794,200  
British cost 8,360 dead-weight tons, at \$57 per dead-weight ton.....476,520

Capital differential.....317,680

Capital differential on \$317,680 higher cost:

	Percent	First year	Eleventh year
Interest.....	6	\$19,061	\$9,530
Depreciation.....	5	15,884	15,884
Repairs.....	2	6,354	6,354
Insurance.....	5	15,884	7,942
Total.....	18	57,183	39,710
Wage differential, \$1,758.82 per month.....		21,107	21,107
Subsistence differential, \$271.80 per month.....		3,262	3,262
Total per annum.....		81,552	64,079

Average annual differential \$72,825, or 9.17 percent of the amount American owner has invested in his vessel.

*Summary of capital and operating differentials against typical American freighter (oil) as compared with similar British freighter*

American cost 10,000 dead-weight tons at \$125 per dead-weight ton.....\$1,250,000  
British cost 10,000 dead-weight tons at \$80 per dead-weight ton.....800,000

Capital differential.....450,000

Capital differential on \$450,000 higher cost:

	Percent	First year	Eleventh year
Interest.....	6	\$27,000	\$13,500
Depreciation.....	5	22,500	22,500
Repairs.....	2	9,000	9,000
Insurance.....	5	22,500	11,250
Total.....	18	81,000	56,250
Wage differential, \$1,037 per month.....		12,444	12,444
Subsistence differential, \$198 per month.....		2,376	2,376
Total per annum.....		95,820	71,070

Average annual differential \$83,445, or 6.67 percent of the amount American owner has invested in his vessel.

*Summary of capital and operating differentials against typical American freight steamer (oil burner) with speed of 9 to 11 knots as compared with similar British vessel*

American cost, 8,800 dead-weight tons, at \$95 per dead-weight ton.....\$836,000  
British cost, 8,800 dead-weight tons, at \$57 per dead-weight ton.....501,600

Capital differential.....334,400

Capital differential on \$334,400 higher cost:

	Percent	First year	Eleventh year
Interest.....	6	\$20,064	\$10,032
Depreciation.....	5	16,720	16,720
Repairs.....	2	6,688	6,688
Insurance.....	5	16,720	8,360
Total.....	18	60,192	41,800
Wage differential \$1,376.40 per month.....		16,517	16,517
Subsistence differential \$102.82 per month.....		1,234	1,234
Total per annum.....		77,943	59,551

Average annual differential, \$68,747, or 8.22 percent of the amount American owner has invested in his vessel.

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*Summary of capital and operating differentials against combination freight and passenger (coal burner) as compared with similar British vessel*

(United States vessel, 17,281 gross tons; British vessel, 21,700 gross tons)

American cost.....\$6,750,000  
British cost.....4,500,000

Capital differential.....2,250,000

Capital differential on \$2,250,000 higher cost:

	Percent	First year	Eleventh year
Interest.....	6	\$135,000	\$67,500
Depreciation.....	5	112,500	112,500
Repairs.....	2	45,000	45,000
Insurance.....	5	112,500	56,250
Total.....	18	405,000	281,250
Wage differential, \$2,291.29 per month.....		27,495	27,495
Subsistence differential, \$958.34 per month.....		11,500	11,500
Total per annum.....		443,995	320,245

Average annual differential \$382,120, or 5.66 percent of the amount American owner has invested in his vessel.

*Summary of capital and operating differentials against typical American combination freight and passenger vessel (oil burner) as compared with similar British vessel*

(United States vessel 11,900 gross tons; British vessel 11,600 gross tons)

American cost.....\$3,375,000  
British cost.....2,250,000

Capital differential.....1,125,000

Capital differential on \$1,125,000 higher cost:

	Percent	First year	Eleventh year
Interest.....	6	\$67,500	\$33,750
Depreciation.....	5	56,250	56,250
Repairs.....	2	22,500	22,500
Insurance.....	5	56,250	28,125
Total.....	18	202,500	140,625
Wage differential, \$1,926.35 per month.....		23,116	23,116
Subsistence differential, \$789.41 per month.....		9,473	9,473
Total per annum.....		235,089	173,214

Average annual differential \$204,152, or 6.05 percent of the amount American owner has invested in his vessel.

*Summary of capital and operating differentials against typical American tanker (steam) as compared with similar British tanker*

American cost, 10,387 dead-weight tons, at \$100 per dead-weight ton.....\$1,142,570  
British cost, 10,387 dead-weight tons, at \$73 per dead-weight ton.....758,251

Capital differential.....384,319

Capital differential on \$384,319 higher cost:

	Percent	First year	Eleventh year
Interest.....	6	\$23,059	\$11,529
Depreciation.....	5	19,216	19,216
Repairs.....	2	7,686	7,686
Insurance.....	5	19,216	9,608
Total.....	18	69,177	48,039
Wage differential, \$1,567.40 per month.....		18,809	18,809
Subsistence differential, \$227.70 per month.....		2,732	2,732
Total per annum.....		90,718	69,580

Average annual differential \$80,149, or 7.88 percent of the amount American owner has invested in his vessel.

*Summary of capital and operating differentials against typical American tanker (Diesel) as compared with similar British tanker*

American cost 10,144 dead-weight tons, at \$130 dead-weight ton.....\$1,318,720  
British cost 10,144 dead-weight tons, at \$86 dead-weight ton.....862,384

Capital differential.....456,336

Capital differential on \$456,336 higher cost:

	Percent	First year	Eleventh year
Interest.....	6	\$27,380	\$13,690
Depreciation.....	5	22,817	22,817
Repairs.....	2	9,127	9,127
Insurance.....	5	22,817	11,408
Total.....	18	82,141	57,042
Wage differential, \$1,444.30 per month.....		17,332	17,332
Subsistence differential, \$300.60 per month.....		3,607	3,607
Total per annum.....		103,080	77,981

Average annual differential \$90,350 or 6.85 percent of the amount American owner has invested in his vessel.

*Summary of capital and operating differentials against typical American tanker (Diesel) as compared with similar German tanker*

American cost, 10,144 dead-weight tons at \$130 per dead-weight ton.....	\$1,318,720
German cost, 10,144 dead-weight tons at \$75 per dead-weight ton.....	760,800
Capital differential.....	557,920

Capital differential on \$557,920 higher cost:

	Percent	First year	Eleventh year
Interest.....	6	\$33,475.20	\$16,737.60
Depreciation.....	5	27,896.00	27,896.00
Repairs.....	2	11,158.40	11,158.40
Insurance.....	5	27,896.00	13,948.00
Total.....	18	100,425.60	69,740.00
Wage differential, \$1,621.30 per month.....		19,455.60	19,455.60
Subsistence differential, \$216 per month.....		2,592.00	2,592.00
Total per annum.....		122,473.20	91,787.60

Average annual differential \$107,130, or 8.12 percent of the amount American owner has invested in his vessel.

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. BACON. Yes.

Mr. GLOVER. We have had much discussion about recent air mail contracts and merchant-marine mail contracts. Does the gentleman not believe that it is partly the fault of Congress that we have not safeguarded the importance of those contracts by requiring the approval of the President or the Department of Justice before the contracts are put into operation?

Mr. BACON. I am not as familiar with the air mail contracts as I am with the merchant-marine contracts. I have examined them, and as far as the merchant-marine contracts are concerned, they are checked by the Shipping Board as well as by the Post Office Department. No contract can be made by the Postmaster General that has not the approval of the Shipping Board first.

Mr. GLOVER. Ought it not to have the approval of the Department of Justice, which is capable of passing on such contracts?

Mr. BACON. I think you will find that the legal staff of the Government is used in the making of these contracts. I repeat, that under the very terms of the contract they may be modified. I will make this prediction, that even should this provision remain in the bill, if the Postmaster General wishes to cancel or modify any of the contracts, he will proceed under the terms of the contract itself rather than to take advantage of this provision, because this provision will result in a heavy charge to the Government in speculative damages. I prophesy now that if any contract is to be modified the Government will proceed under the original contracts rather than under the terms of this provision in the bill, because by so doing he will save the Treasury a large sum of money.

Mr. PARSONS. Will the gentleman yield?

Mr. BACON. I yield.

Mr. PARSONS. I am favorable to Government aid to our merchant marine not only as a matter of taking care of our trade in peace times but as a matter of national defense.

Mr. BACON. I am glad to hear the gentleman say that.

Mr. PARSONS. But does the gentleman not believe it would be better to handle it through some other agency,

rather than have the subvention charged up to the Post Office Department, creating a deficit from year to year, which puts that Department in a bad light before the country?

Mr. BACON. I think there is a great deal in what the gentleman says. Of course, it is frankly a subsidy, without which we could not carry a portion of our trade in American ships. If we do not carry a reasonable share of our foreign commerce in American vessels, we will be at the mercy of foreigners as far as freight rates are concerned.

I want to further answer the gentleman from Illinois. The mail subvention was used because the Merchant Marine Act of 1928 was an extension of the Mail Act of 1891. The gentleman from Virginia [Mr. BLAND] has fully explained this today in his able speech. I quite agree with the gentleman that it might be well to frankly pay the subsidy without reference to the mail at all, but mail pay does form a convenient vehicle for doing it, and I suppose that was in the mind of Congress when it passed the bill.

Mr. KELLY of Pennsylvania. Will the gentleman yield?

Mr. BACON. I yield.

Mr. KELLY of Pennsylvania. In further answer to the gentleman from Illinois [Mr. PARSONS], by the act of June 6, 1930, this Congress provided that all costs for air mail above the amount paid for direct transportation should not be charged against the post-office deficit but set aside in the report of the Postmaster General.

Mr. BACON. I think that answers the question.

Now, may I proceed?

The CHAIRMAN. The time of the gentleman from New York [Mr. BACON] has expired.

Mr. TABER. I yield the gentleman 10 additional minutes, Mr. Chairman.

Mr. BACON. I do not believe I have to convince the American Congress of the need of controlling our own export and import trade. For example, in 1929, I found that 54 percent of our cotton was exported, 41 percent of our tobacco was exported, 33 percent of our lard, 18 percent of our wheat, 36 percent of our copper, 34 percent of our kerosene, 40 percent of our typewriters, and 25 percent of our sewing machines were exported in our foreign trade. One sixth of the entire products of American farms goes to overseas markets. Do we want to turn the carrying of that American freight over to foreigners? The reason why it is important not to was stated by Mr. Thomas Jefferson in this way:

The marketing of our productions will be at the mercy of any nation which has possessed itself exclusively of the means of carrying them, and our politics may be influenced by those who command our commerce.

Thomas Jefferson warned the country, and it is a warning that is as apt today as it was then, and one we should heed.

It is of the utmost importance that the Members realize the relation of our merchant marine to our export trade and the importance of our merchant marine to our shippers, whether the shipments come from the farm or the factory. Our ships, flying the American flag, are our best salesmen in foreign ports. American ships carrying American goods will inevitably find new markets because it must be clear to all that foreign ships will always favor the goods of their own country in competition with American goods. The establishment of new trade routes to new ports always develops fresh markets and increases our export trade. I think therefore that the following table will demonstrate the truth of what I have just stated:

*Comparison of American merchant marine in 1914 with 1927, showing increased sales*

Trade	Number of ships engaged in—		Volume of commerce with	
	1914	1927	1914	1927
Africa.....	None	19	\$47,000,000	\$200,000,000
South America.....	5	89	347,000,000	1,000,000,000
Orient and Pacific coast.....	5	140	380,000,000	1,800,000,000



## Percent of increase in trade between 1914 and 1927

Africa.....	325
South America.....	190
Orient and Pacific coast.....	380

Mr. EDMONDS. Will the gentleman yield?

Mr. BACON. Let me go on for a minute, please.

As I said, our foreign trade is the great prize to be contended for by the shipping nations of the world.

Mr. McFARLANE. Will the gentleman yield?

Mr. BACON. I cannot yield for the moment.

Forty-two nations are now bidding for our import and export trade. Forty-two nations! Of course, Great Britain is the principal nation. Great Britain carries today 30 percent of our import and export trade. We carry 30 percent of our import and export trade—or, to be absolutely accurate, it is 30½ percent. So today Great Britain and ourselves carry an equal amount of our import and export trade. Yet, not being satisfied with 30 percent of our trade, Great Britain is continually agitating for a greater percentage.

Mr. Walter Runciman, president of the board of trade, a cabinet position corresponding to our Secretary of Commerce, in February 1932 blamed the plight of the world shipping on the subsidized overbuilding of foreign countries, particularly the United States. Mr. Runciman said that the United States had three times as much tonnage as before the World War. He said:

I have underestimated the extent of the American mercantile marine, but I was thinking of those ships that were fit for trade. [Laughter swept the hall at this remark.] If you count them all in, the Americans have nine times as much as in 1913, and a very costly luxury it has proven. I know in some quarters it is regarded as very dangerous to say anything about America at the present time. I hope I shall exercise my native caution in not going too far, but I believe that much of the misfortune which has befallen the cargo fleets of the world comes from overbuilding, and that those who went the farthest have done the most harm.

I deny that, as far as the United States is concerned. Attacks are being made in England against our merchant marine by others that I could quote. What is the record? From the end of the World War until 1927 foreign countries built and placed in the American trade 800 new ships. We built and put into our own trade exactly none. Who has been doing the overbuilding that Mr. Runciman talks about? During that same period 18 ships of 25,000 tons and over, running up to 30-knot speed, have been built or are building by the marine nations. Sixteen of them for the American trade. Those ships are uneconomical to run. They do not pay. They were built entirely for the purposes of the Navy, and Great Britain wants more of our trade to support her own naval auxiliaries. We have built no boats of 25,000 tons or over. We have built but two ships of about 20,000 tons, the *Washington* and the *Manhattan*. Both these ships are comfortable cabin ships of 21-knot speed and are economical to run.

So I again deny the charge that Mr. Runciman hurls at this country that we have been the cause of the depression in world shipping. On the contrary, I think England is more to blame for it than anyone else.

The life of a ship is 20 years. The surplus of shipping in the world today is about 14,000,000 tons. There are 14,000,000 tons of ships over 20 years of age. Therefore, if the old and worthless ships were scrapped, there would be no surplus of shipping. We have not one of these boats over 20 years of age. Most of the boats over 20 years of age were sold by Great Britain to smaller countries for practically nothing. Why did not Great Britain scrap them? Since 1921 we have scrapped more ships than we have built. How, therefore, could we have caused the existing surplus shipping?

Everything that Mr. Runciman says applies to England, and not one of the things he says applies to us.

Since 1921 Great Britain has outbuilt us 13 to 1, and mostly with boats to go into our trade. Today Great Britain carries 60 percent of her own trade, 45 percent of the world trade, and 30 percent of our trade. What more does she want?

Now, I want to show you why the nations wish to carry our export and import trade. In the first place, it is the largest trade in the world and in 1929 almost equaled \$5,000,000,000. In the second place, we pay out annually in freight rates \$900,000,000.

Mr. PARSONS. To foreign ships?

Mr. BACON. No; not all of that is paid to foreign ships. We pay \$600,000,000 to foreign ships and we pay \$300,000,000 to American ships—or did in 1929, 1930, and 1931. If we had only carried 10 percent of our commerce in our boats as we did before 1914, our share of the freight rate would have been \$90,000,000 and the foreigners' share would have been \$810,000,000. The money we pay to American ships comes back into this country and is spent here and means employment for our own citizens, whereas the two thirds which we pay to foreigners is money that goes abroad and does us no good at all.

Had we then remained at the pre-war level of our carrying trade, 10 percent of our commerce, we would have lost in shipping revenue the difference between \$3,000,000,000 and \$900,000,000, or \$2,100,000,000 during the years 1921–30.

Mr. PARSONS. It helps by just that much to hurt our own shipping.

Mr. BACON. Even during this last year of depression we paid \$200,000,000 in freight rates to our own people, which money stayed at home, and about \$500,000,000 to foreigners.

I think we must be very careful and watchful to protect the merchant-marine policy of the United States.

Let me say in closing that it is not very expensive to pay \$20,000,000 in subsidy if for this subsidy we get \$200,000,000 in freight rates for Americans, money which is spent in our country and means employment of Americans.

If we do not continue these subsidies it means that our large freight bill will go abroad and that not 1 penny of it will return, because today there is not a single American line which can possibly exist without these mail contracts.

We have built up 38 trade routes from 60 American ports to 550 European ports. Because of the development of American shipping from Gulf States to the ports of the world, the freight rate on cotton has been cut 50 percent. Is not this subsidy to our merchant marine worth while, therefore, to the cotton growers of this country? They would have had to pay 50 percent more if it were not for our ocean mail contracts. [Applause.]

[Here the gavel fell.]

Mr. BACON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein some tables and figures I got from official sources.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. WOODRUM. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Chairman, I am a member of the Committee on Labor. For the past 2 weeks we have been listening to representatives of the various gigantic organizations in America. I wish to call to the attention of the House a very important question which I asked every witness who appeared before the Committee on Labor.

I asked these representatives of the various industries if they had an age limit. Practically every one of them informed the committee that they had an age limit and that the age limit was 45 years.

If this bill is enacted into law it will throw many men out of employment and there is not a line in the bill which states that these people who are to be deprived of employment will be aided by the Government. In other words, they will be compelled to go to supposed charitable agencies and ask for assistance. Mr. Chairman, this is not economy.

It is stated that our Government is in debt about \$15,000,000,000. May I say to the Members of this House that this sum of money is, to me, very insignificant when compared with the total wealth of the United States. The United States is capitalized on the surface at \$400,000,000,000. Yet



we say we have to economize because we are in debt \$15,000,000,000!

May I also call to the attention of the members of this committee the fact that no man ever possessed sufficient intelligence to be able to estimate the value of our natural resources. I do not hesitate to say that our natural resources are worth not billions of dollars but trillions of dollars. Therefore there is no necessity for our Government to deprive men of work. It is not economy to say to our employees, especially the soldiers on whom this Nation has depended and must depend, that they must give up their jobs and go to some charitable organization for assistance. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman I yield 1 minute to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, I am in disagreement with the committee as to the adequacy of the appropriation for the Federal Trade Commission.

If this House would carefully study the activities of the Federal Trade Commission and the results that Commission has obtained, there is no doubt in my mind but that a great majority of the Members would view this situation as I do and demand that a sufficient appropriation be made to permit the Commission to carry on the important investigations.

There are 42 pages covering the hearings on the appropriation for the Federal Trade Commission. The committee required the officials of the Commission to go into detail regarding their activities in the past and what they desired to do in the future; and if one will read the hearings, he will be convinced that this agency of the Congress has spent every dollar appropriated in a way that the public will benefit financially by its activities.

The amount carried in the bill will enable the Commission to complete some of its investigations that it has been working on for several years, but I want the House to know that the hearings show the appropriation will not enable the Commission to close the investigation of public utilities. Two hundred and thirty thousand dollars is allowed for this purpose, while the officials in charge say that it will cost \$345,000 to complete the work which will include the report.

The Bureau of the Budget recommended \$900,000 for the Commission, and the Committee includes this amount in the bill. The bill that was vetoed carried \$1,081,500, over \$500,000 having been added by the Senate after the House had reduced the appropriation to \$500,000.

I know there are a number of Members who are not satisfied with the way the Commission has been carrying on, that is in reference to issuing complaints. I do not blame them, for I know of several cases where I feel the Commission has erred in this respect. I predict that in the cases I refer to the Commission will not be able to make a case, but it is costing my constituents thousands of dollars. In this phase of its work the Commission in recent years has been paying too much attention to the little fellow, who should be protected, rather than going after the big fellow. Regardless of that, however, I want the economic division to carry on its investigations.

Nine hundred thousand dollars is a reduction of \$546,000 in comparison with the present appropriation. In the previous year the Commission suffered a reduction of \$300,000. They are faced with a situation where they will not be able to properly carry out the laws Congress directs them to enforce. The reduction simply means a decrease not only in money but in efficiency.

In 1932 the Commission had 511 employees. In 1934 it will have 291, a reduction of 220 employees.

The most important investigation the Commission has ever made was the investigation of the power companies. The value of these utilities is estimated at \$20,000,000,000. The Interstate Commerce Commission has been investigating the railroad companies for a period of 15 years. The railroad companies have a value of around \$25,000,000,000. No less than \$50,000,000 has been spent by the Interstate Commerce Commission in this work, while the Federal Trade Commission

has completed its work, or is about to complete it, in 4 years at a cost of \$1,225,000. Forty volumes have already been published. The investigation so far shows illegal and unfair practices, most of which have been discontinued and, as a result, millions saved to consumers.

Read what the Commission submits to the committee in regard to the investigation of utility corporations:

#### RESULTS TO DATE OF THE INVESTIGATION OF UTILITY CORPORATIONS

In this investigation the Commission has exposed the propaganda of the utility corporations through colleges, schools, governmental agencies, and the press. It has disclosed the use by many of the utility concerns of the most unreliable and inaccurate forms of accounting. It has shown an extensive padding of costs to operating companies through exorbitant fees charged for alleged services by holding companies, such fees amounting in some instances to 12 percent of the cost of all additions, improvements, and replacements, and giving to the holding companies profits of over 100 percent at a cost to the operating companies of millions of dollars. It has exposed capitalization of the earnings of subsidiary companies. It has shown the padding of earnings statements in order to promote the sale of securities. It has shown an inflation of capitalization by deliberate appreciation or write-up of assets of more than \$1,500,000,000 in the concerns that to date have been put in the record, upon nearly all of which securities of some kind have been issued and sold to the investing public. These elements enter into the determination of the base upon which the rates which consumers pay are established. It has disclosed retention of control of a large number of operating companies by a small group through control of the common stock of holding companies and the issuance of nonvoting or preferred stock to the public.

As a direct result to date of the Commission's investigation many of the utility information bureaus in the States for the preparation and dissemination of propaganda have been abolished. The joint committee here in Washington, a national propaganda agency, has been whittled down to nearly nothing. The dissolution of the National Electric Light Association has been announced, as has also the intended abandonment of all propaganda activities. The Edison Electric Institute, newly organized, has announced a program of financial reform, which, according to the statement of those in authority, is a direct result of the Commission's inquiry, and if carried out will save the country hundreds of millions of dollars annually.

Many of the utility companies have already reversed numerous improper entries and practices and have largely reduced or abolished so-called "management and service fees." Many concerns have reduced substantially the amounts of appreciation or write-ups (watered stock). One concern upon which public hearings were recently held had, at the time the Commission analyzed its records in preparation for the public hearing, \$102,000,000 of write-ups or appreciation. When the public hearing was held, this appreciation had been reduced to \$30,000,000. In a large number of instances rates to consumers have been reduced following the Commission's investigation and exposure of the elements that had been incorporated into the base upon which the previous rates had been established. These changes have resulted in direct savings to the public of millions of dollars. One company has stated that \$2,600,000 had been saved in 2 years by residential customers as a result of a reduction by it in rates after the Commission's investigation. The Commission's reports have been made the basis of rate investigations by numerous State commissions.

This investigation is one of the largest ever undertaken by any governmental agency. It involves investigation and study of the practices, organization, relationship, conduct, and management of gas and electric utility corporations throughout the United States. The organization, management, and relationship of many of these corporations are very complicated and complex. Some of the holding companies have as many as 250 to 600 subsidiaries and affiliates. In order to trace the growth, development, and relationship of these corporations, it is necessary to review their records for periods of from 10 to 20 years.

I want to see this investigation completed and the proper report filed. In speaking before the committee, Judge Bane said:

One reason for urging the continuance of this work is the fact that the Commission is receiving, I might say, almost daily, scores of letters from investors, from business houses, and from Members of Congress urging the Commission to investigate other utilities groups that they have not yet taken up, to determine whether there are any more Insulls or Forshays among them; and to prevent, particularly in the gas field, the development of the same kind of conditions that have been found to exist in the course of our investigation of utilities in the electric field.

The gas situation is a new thing; it is just beginning, and we have not yet been able to scratch that field. We find that very nearly the same groups that control the electric field are getting into control of the gas field. That means, first, the entire elimination of competition between gas and electricity in the generation of power; and, second, it means that if these men did this kind of what you might call "high financing"—if you want to use a generous term—if they did that in the electric field, that there is at least a fair possibility that they will engage in the same things in promoting gas companies.



One of our reasons for wanting to continue this, particularly in reference to gas, is to prevent the same kind of financing in the promotion of gas companies that we have found in connection with electricity.

Let me also call to the attention of the House the fact that in the course of this investigation the Commission found and disclosed tax evasions that are many times the total cost of the utility investigations to date. If nothing else was developed, I say the money has been well spent when it will bring to time those who would defraud the country and States of the taxes that should be imposed upon them.

The Commission can on its own motion start investigations. It needs money, however. Three such investigations have been suggested by the Commission. One of the resolutions adopted is as follows:

#### FINANCIAL PRACTICES OF CORPORATIONS

*Resolved*, That the Commission undertake as soon as present work and appropriations available permit an inquiry into (1) the facts regarding the form, adequacy, and accuracy of published financial reports made to stockholders and others by corporations engaged in interstate commerce, excluding banks, common carriers, and public utilities; (2) the effects of the financial practices of corporations prior to and since the stock-market collapse of 1929, including the volume and extent of corporation call loans; issuance of bonds and preferred stocks accompanied by stock-purchase warrants or rights to subscribe; profits and losses of corporations from operations in the stock and bond markets; stock and script dividend issues of corporations; overexpansion through reinvestment of earnings; officers' salaries and bonuses; participation of officers and directors in underwriting and syndicate operations in securities of their corporations; and purchases from and sales to their corporations of securities or other property; (3) the facts regarding concentration of the voting control of corporations through nonvoting and management stock and the effects thereof on the financial practices and methods of corporations; (4) all other financial practices or methods affecting the public, all with a view to determining whether the Commission shall recommend to the Congress any changes in or additions to existing laws.

This investigation in which millions of our citizens who lost billions in the stock crash are interested can be handled for less than \$100,000. Did they get the money? No; it was not allowed by the committee nor the Director of the Budget. I note in the hearings where the gentleman from New York [Mr. Bacon] said it would be a very important investigation and should be made. Then again the Commission desires to make a much-needed investigation into the effect of the antitrust laws on industries using natural resources primarily. It also desires to investigate into certain general competitive practices that the Commission is continually running into.

I do not blame the Appropriations Committee for staying within the Budget recommendations, but I do feel this is false economy. The value of this Commission cannot be underestimated. The benefits in dollars and cents that result from its work run into large figures. State commissions that cannot secure information from corporations operating within its boundaries have secured facts as a result of the utilities investigation that in many instances have resulted in reduction in the price of electric energy.

While the House does not seem to be awake to the value of this Commission, there are certain Members in the Senate who are, and who, I think and hope, will demand that adequate moneys be appropriated to carry on the important work the Commission is doing.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. Jenkins].

Mr. JENKINS. Mr. Chairman, it is generally conceded that with the exception of the inauguration of Lincoln no Presidential inauguration was attended by so much tenseness as that of Mr. Franklin D. Roosevelt. His inauguration was also attended by probably the largest crowd that ever attended any inauguration. All thinking people among us felt that the signs of the times were ominous. Immediately following the inaugural ceremony the President called his Cabinet together. The inauguration was on Saturday. On the next day (Sunday), over the radio, he made his announcement that from Monday morning all the banks in the United States would be closed and all building-and-loan companies and insurance companies would be restricted in paying out money. On the following Thursday, while every

bank in America was closed, while the people of the Nation were quietly, patiently, yet fearfully waiting some ray of hope, this Congress convened in special session at the call of the President. Without waiting for the organization of the Congress, and hardly waiting for the election of a Speaker, and without waiting for the naming of standing committees, the President sent up his first message to Congress. His message increased the tenseness of the times and challenged all to stand by and assist the chosen leader in the great battle against this dreaded enemy of the human race everywhere—depression. He said:

The Members of the new Congress will realize, I am confident, the grave responsibility which lies upon me and upon them.

He asked that his banking bill be passed immediately. The purpose of this bill, according to its title, was—

To provide relief in the existing national emergency in banking.

The bill further provided that—

Congress hereby declare that a serious national emergency exists and that it is imperatively necessary speedily to put into effect remedies of uniform national application.

The House, having only been partially organized a few minutes, and not having even appointed a Committee on Rules, upon the motion of Mr. BYRNES, the Democratic leader just selected, and with the sanction of Mr. SNELL, the Republican leader just selected, agreed unanimously to an immediate consideration of this banking bill previously prepared by the direction and according to the wishes of President Roosevelt. Mr. SNELL in his speech approving of this speedy action said:

The house is burning down and the President of the United States says this is the way to put out the fire.

Under the spell of a tenseness that pervaded the whole country and moved the whole people to thoughtfulness, and under a deep sense of trying to do their duty, the Members of the House unanimously, so far as the RECORD shows, voted in favor of the bill and gave the new President his first vote of confidence. The country approved this action, for again was established the fact that when the emergency presents itself it is promptly met by Congress and the people. Immediately following this passage of this bill by the House it was messaged to the Senate, where on the same day it was passed and became a law as soon as the President could sign it. All this was on Thursday. On Friday the President sent Congress another message. He thanked Congress for its prompt action upon his request of the day previous, and implored Congress to proceed with the same dispatch to pass another bill the title of which is as follows: "An act to maintain the credit of the United States Government." Immediately following the reading of the President's message the Democratic floor leader moved that the Speaker be empowered to appoint a committee of five to prepare and introduce a bill in line with the President's message. This committee was immediately appointed and immediately introduced a bill which had been prepared at the White House under the direction of the President. This bill, under the pressure of an emergency, was brought up for consideration the next day, Saturday. In order to bring it up in preference to other bills previously introduced, it was necessary for the House to take some affirmative action in that direction. To accomplish this the Democratic floor leader introduced the following resolution, which passed by a large vote:

*Resolved*, That immediately upon the adoption of this resolution the House shall proceed to the consideration of H.R. 2820, a bill to maintain the credit of the United States Government, and all points of order against said bill shall be considered as waived; that after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Economy, the previous question shall be considered as ordered on the bill to final passage.

It will be noted that this resolution bound the Congress to the consideration of this bill and nothing else; that the bill could not be debated except for 2 hours, and could not be amended or substituted in any way. The bill came on for passage before any copies were available and before none but a few who may have helped the President draw it knew its



provisions. Its title, "An act to maintain the credit of the United States Government", carried an appeal to the patriotism of all Congressmen. If it was a question of maintaining the financial integrity of the Nation, none would refuse to assist in its passage. With every bank in the United States closed, with the new President pleading for immediate action, with his statement that "the very stability of our Government itself is concerned", and with his promise to deal justly by all if given this great power, the Congress was moved to act and to pass this proposed legislation.

The President stated:

If the Congress chooses to vest me with this responsibility, it will be exercised in a spirit of justice to all, of sympathy to those who are in need, and of maintaining inviolate the basic welfare of the United States. I ask that this legislation go into effect at once.

Again he said:

Too often in recent history liberal governments have been wrecked on rocks of loose financial policy. We must avoid this danger. \* \* \* We must move with direct and resolute purpose now. \* \* \* I am not speaking to you in general terms. I am pointing out a definite road.

The President's friends claim that this message is one that will rank with the great state papers of American Presidents. Be that as it may, it was considered by the Members of Congress as a "cry in the wilderness", and out of a sense of patriotic duty the cry was heeded. Those Members of the committee appointed to report this bill who addressed the House, and who probably had had a chance to read it, sponsored it and pleaded for its passage. They no doubt were honest in their purpose, but subsequent events have shown that they were not clear in the presentation of the facts or else did not know all the facts or the intention of the President and those whom he expected to carry out the authority that was to be intrusted to him by that legislation. Few, if any, Congressmen will now claim that the reduction in veterans' compensation as provided in this bill are in line with the discussions of the bill on the day of its passage. Mr. McDUFFIE, the gentleman from Alabama, the chairman of the committee reporting the bill, than whom a more sincere speaker cannot be found among our Membership, said on that occasion:

This bill, if enacted, will not be an act on your part to take a dime from a single worthy ex-service man. You are simply placing the responsibility on a great man who is willing to assume it. Your vote for this bill simply shows your willingness and your desire to cooperate with him, believing, as I know you believe, that he meant what he said in his message when he said, "If the Congress chooses to vest me with this responsibility, it will be exercised in a spirit of justice to all"—

And so forth.

Mr. TABER, the ranking Republican member on this committee, who is always sincere in what he says, said:

I am going to first explain this bill a little bit so everybody who has not gone into it himself or had opportunity to do so will know something about what it is. In the first place, it makes no definite change in the provisions for veterans except that it wipes out some of the presumptions.

By way of justice to Mr. TABER, however, he proceeded further to state his position clearly and courageously, but one could not conclude from his eloquent address that even he thought that such a great portion of the reduction necessary to balance the Budget would come from the veterans. Mr. McGUGIN, another member of the committee, and a Member who always speaks his convictions clearly, evidently did not believe that the President would reduce the allowances to the veterans as this appropriation bill shows he intends to do, for in a colloquy with Mr. BROWNING, of Tennessee, the following appears in the RECORD:

Mr. BROWNING. Mr. Speaker, I am unwilling for this sweeping provision, that I consider a slaughter of the disabled service men of the United States, to pass without protest. The argument has been made that the President is going to be fair, and I am the last one in the world who would impugn his motives. There are several different classes adversely affected here that ought to have consideration. In the first place, this is going to wipe out every presumptive service connection, and this means that the presumptive tubercular boys are going to have to go. This means that those that are on \$50 a month, who have had the patience

to make the fight to reach an arrested condition and have hanging over them the sword of Damocles of reactivation, will have to go back to work and break themselves down again.

Mrs. NORTON. Will the gentleman yield?

Mr. BROWNING. I have just 4 minutes. This means these boys who undertook to make the fight alone, without any aid from the Government, until their witnesses were gone and their proof absolutely destroyed, and then came forward and asked the Government for \$12 a month, are going to be cut off because they are under a disability allowance, and we need not fool ourselves about it. All the presumptive cases and all the disability-allowance cases are going to be discontinued at once. I think this is the meaning of the proposed law.

Mr. McDUFFIE. Will the gentleman yield? The gentleman does not want to indulge in a misstatement.

Mr. BROWNING. I think that is the meaning of the law.

Mr. McDUFFIE. That is not in the bill.

Mr. BROWNING. The power is there and the gentleman knows it is there. [Applause.]

Mr. McGUGIN. Does the gentleman think his President will do that?

Mr. BROWNING. I think the President will exercise all the power he has asked for in this bill. [Applause.] There would not be any need of his asking for it if he did not expect to exercise it.

Mr. WOODRUM, of Virginia, who at that time at least could be considered as the spokesman for the President and also a member of the committee appointed to report this bill, said on the day the bill was voted upon:

Let me ask this: Who has a right to say that Franklin D. Roosevelt will not deal kindly, gently, and sympathetically with the disabled soldier? In God's name, if a man ever lived, if a man ever occupied a place of authority who is in a position to have his big heart go out in sympathy to the men who are disabled and who are down and out, who have suffered and who are in trial and tribulation, it is the man who now sits in the White House. So far as I am concerned, I am willing to trust the President to deal kindly, gently, and justly with the veterans that I represent.

When the bill was under debate it was brought out that the maximum reduction from veterans' pensions and allowances and veterans' administration generally would be \$275,000,000. Mr. RANKIN, of Mississippi, in his remarks says:

The gentleman from Alabama [Mr. McDUFFIE] brings up the old cry about balancing the Budget. Are you going to balance the Budget at the expense of the disabled veterans? I might as well tell you now that the limit of reductions for World War veterans alone under this scheme is \$275,000,000. Some gentleman near me says \$279,000,000.

I have recounted the various steps in the passage of this bill at the risk of being tedious, the better to show the temper of the House when the bill was voted upon. From proceedings one must conclude that it was the belief of the membership of the House that the veterans would be given justice. I think Mr. GRIFFIN, of New York, expresses the general opinion of the House membership when he said:

There is no danger to be anticipated to the men who really made sacrifices in defense of our flag. I believe their interests are really safer in the hands of the President than they have been in the Veterans' Bureau. Let us take the pathos out of this thing. This measure does not threaten the veteran who is disabled. It does not menace the widows or the children of veterans who have been disabled. It gives discretion to the President to modify, qualify, reduce, amend, and change methods of administration in connection with the pension laws that have worked so unsatisfactorily in the past. In other words, it will take the graft and unfair discrimination out of veteran allowances, rationalize the distribution of the benefits, and dispense even-handed justice to all who are entitled to consideration.

There is no question but that there was room for great economies in the administration of the various activities of the Government dealing with the veterans. The cost of maintaining the Veterans' Bureau was mounting to gigantic proportions, and the time for calling a halt had arrived. Many veterans were drawing disability pensions and at the same time holding positions with the Veterans' Bureau at large salaries, while their less fortunate and more disabled comrades were forced to beg on the streets from lack of employment and from failure to prove their claims for disability. The hospitals were overrun by veterans who were not as deserving as many who failed to get hospitalization for lack of funds or friends. Fraud and misrepresentation in some cases had also helped in erecting the mountain of expense that had reached to such proportions as to threaten the financial safety of the Nation. Preparation for war and the afterexpense of war was greater last year than the total



income of the Government. A reduction was inevitable. Just how to make it was a problem.

A maximum of economies desired might not be easily effected from the sources that I have just enumerated, but to this might have been added a percentage reduction and to which, if not too large and if applied scientifically, the veterans would not object seriously. I think this would have been as much as was intended by the Membership of the House when the bill was voted upon. When a pension is once granted it carries an implication that the Government recognizes the justice of the veteran's claim, and the veteran feels a relationship has been established between him and the Government that will continue while he lives. To withhold this pension is bound to strain this relationship. If the withdrawal reduces the veteran to a state of one who must seek charity, it is an act of far-reaching consequences. To compel them to contribute more than their share is as much of an injustice as it is for them to demand and receive more than their share. The veterans have been standing for greater economies in the administration of veterans' affairs by the Government. They have opposed fraud and misrepresentation in procuring pensions. They have favored adequate relief for the service-connected disabled in preference to all others. The Veterans' Bureau had recently effected many reductions in the pensions of World War soldiers, but this reduction was probably not scientific. No doubt a scientific plan of reduction could have been evolved that would have saved the Government millions of dollars and still would not have wrought havoc with the homelife of many veterans. This could have been done if the maximum amount to be saved would have been kept at \$275,000,000. But when it was raised to the sum of \$460,000,000 the difference of \$185,000,000 would come mostly from the pensions of the veterans. The original estimate of \$275,000,000 could have been largely saved from the overhead expenses and from the other sources heretofore mentioned by me. What could not thus have been reached might have been reached by a percentage reduction of all pensions now being paid. This would work many hardships, but it would not put complete discouragement into the lives of so many veterans. Many veterans have built the future course of their lives and the lives and welfare of their families upon the certainty of their pensions. They were taught to rely upon the certainty of their pension whether they had any contractual right to do so or not.

Those Congressman who voted to give the President the right to make reductions in Government expenditures had a right to expect that the President would do it justly and scientifically. The President, on the other hand, should feel that his authority to handle the situation is only commensurate with what was the evident intention of Congress when it voted him this authority. A too drastic reduction is bound to be accompanied by much distress. Economies effected at the expense of great distress to one group in order to furnish charity to another group requires the wisdom of a Solomon to know whether any advantage is gained by the change. I consider a pension as a testimonial of a thankful nation to its defenders and not as charity. But if a withdrawal of a pension will reduce one of the Nation's defenders to the status of one depending upon charity, then the Nation has shifted its obligation over onto the State and local communities and made a charity seeker out of one who theretofore had been proudly self-sustaining in part at least. This cannot be condoned by the establishment of reforestation camps. Under our system of government it was intended that the States and local communities should care for all matters of charity as they do all civic and State matters. The people are sovereign and the Government is the creature of the people. The people reserved to themselves the right and duty of looking after the home and local welfare of themselves and their neighbors. The care of the Nation's veterans is a national matter and is a legitimate function of the National Government. Before the National Government is expected to do charity for the people for whom the State and local governments are primarily responsible, it should see to it that it has not neglected those

for whom it has responsibilities to keep from the charity lists. It was the duty of the President in these days of deficits and reduced Government revenues to cut the national expense to the limit. He received the unstinted support of the membership of the House of Representatives in his program. The limit reaches only to where justice ends and injustice begins. Justice ends when he takes from one to whom the Government has heretofore acknowledged an obligation and gives it to another who has a right to look to the State and local authorities. He has the duty to cut from any group for the best interest of the country, but when he makes a cut in the interest of economy and to balance the Budget, it requires an explanation, when before receiving the benefits of that cut he proceeds to add to the expenses of the Government by many new ventures and plans much more than he has saved on the first process. It is not real economy to save one dollar and spend two while the one is being saved.

Under the regulations issued by the President, or those upon whom he is depending for the carrying out of this pension reduction, it is very evident that the amount to be saved was the real object and that the manner of saving it was not given as much consideration. The fairness and the justice and the sympathy that the President was expected to exercise is not seen in this plan. The balancing of the Budget was the paramount object. There is a line of diminishing returns in dealing with human feelings and human misery, just as there is when dealing with income taxes or property rents. No doubt the President prefers to do justice than to do injustice. When the human misery occasioned outweighs the advantages derived from the money saved, then the saving should cease. It is quite as important that the Government be for the people as that it be of the people.

It was also unfortunate, if not unfair, to link a pension-reduction bill with a salary-reduction bill. There was no more reason for linking the reduction of pensions with a salary reduction than there would have been for linking the pension-reduction bill with the reduction in shipbuilding or with the reduction of any other governmental expense, unless it would have been of some advantage in bringing Members to the support of the bill, because many of them had indicated that they would be willing to vote a reduction in their own salary in an effort to balance the Budget. This was a factor in the passage of the bill, although I do not think it was as important a factor as the framers of the bill anticipated when they attached the salary-reduction bill to the pension-reduction bill. I am still hopeful that the President may yet issue such instructions for reductions as will be in line with the intention of Congress when the bill was passed. The Spanish-American War veterans are put to a great disadvantage in proving service-connected disability. The President recognizes this fact, for in regulation no. 12, issued by him after persuasion of those who had recognized the injustice that might be done to this class of veterans, he says:

And whereas it is realized that veterans of the Spanish-American War, the Boxer rebellion, and the Philippine insurrection who have heretofore received a pension, having in mind the period of time which has elapsed since the cessation of hostilities, will be at a decided disadvantage in endeavoring to secure evidence showing that their injury or disease was incurred in line of duty in the active military or naval service.

And whereas it is realized that those widows, children, or dependent parents of deceased veterans of the World War who have heretofore received compensation under the presumptive provisions of the World War Veterans' Act, 1924, as amended, will likewise be at a disadvantage in endeavoring to secure evidence to show that the injury or disease from which the veteran died was incurred in line of duty in the active military or naval service:

Now, therefore, by virtue of the authority vested in me by said law, the following regulation is hereby promulgated: Veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, and every widow, child, or children, dependent father or mother of a deceased World War veteran who were in receipt of pension or compensation at the date of enactment of Public, No. 2, Seventy-third Congress, shall be entitled to continue to receive a pension under this act at the rate being paid them on the date of enactment of Public, No. 2, Seventy-third Congress, it being presumed that the injury or disease causing the disability or death was incurred in the line of duty in the



active military or naval service during either the Spanish-American War, including the Boxer rebellion and Philippine insurrection, or the World War; but such presumption shall be rebuttable, and the Administrator of Veterans' Affairs is hereby authorized and directed to cause to be reviewed all such claims; and where on the basis of medical judgment or affirmative evidence it is determined that the injury or disease causing disability or death was not incurred in the line of duty in the active military or naval service to discontinue payment of pension as of the last day of the calendar month during which such determination is made.

If the Pension Department interprets this regulation 12 in the light of the intentions of the House and the Senate when the bill was under discussion, many veterans who now fear the consequences of a drastic cut in their pensions will rejoice when they find they will still be permitted to remain on the rolls for a good portion of their former pension. But if this regulation no. 12 proves to be a false hope, and if the Department places such an interpretation as will make it null and void, then the veterans will be justified in feeling that they have been trifled with. Personally, I want to see the Budget balanced and the credit of the Nation maintained and the greatest economy possible practiced. But I maintain that when the President requested this transfer of authority from the legislative to the executive branch of the Government he assumed it with the same responsibility to the people that the Congress owed, and with the responsibility of not carrying his Executive authority beyond the certain reasonable intention of the grantors of the authority. [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, a few days ago I discussed briefly the subject of air mail contracts. Since that time I have had opportunity to look up the law and I want to make a few observations on the same subject today.

When the Watres Act, H.R. 9500, was reported to the House, the gentleman from Nebraska [Mr. MOREHEAD] and I objected to its passage. We pointed out in our minority report that—

Under the provisions of section 4 of this bill the Postmaster General is authorized to award contracts by negotiations without advertising or considering bids. This provision making the Postmaster General a law unto himself eliminates competition and is nothing more than an outright subsidy in the interest of this industry. While we favor and have in the past voted for liberal appropriations and liberal legislation in the interest of the development of aeronautics, we believe this legislation is a step in the wrong direction and some limitations and safeguards should be written into the bill before it becomes a law.

As a result of the stand we took at that time and as a result of the general opposition that developed in the House against the bill, it was returned to the committee. If you will take the time to look up the record, you will find that the then Chairman of the Committee on Appropriations, the late lamented Mr. Wood, of Indiana, condemned in no uncertain terms the demands of this bureaucrat seeking as he was dictatorial powers over this industry. The bill was recommitted to the committee and the suggestions contained in our minority report were written into the new bill and H.R. 11704 was then reported to the House and later enacted into law.

The difference between the two bills is that the bill which finally passed provided that the Postmaster General should not award contracts by negotiations without advertising for bids; that is, that specific section granting such power was omitted from the bill which we passed, and therefore there was at least a direction by the Congress that the Postmaster General advertise for bids.

This language was also contained in the bill that was passed:

After July 1, 1931, the Postmaster General shall not enter into contracts for the transportation of air mail between points which have not heretofore had such service unless the contract air mail appropriation proposed to be obligated therewith is sufficient to care for such contracts and all other obligations against such appropriation without incurring a deficiency.

The Postmaster General only advertised for two contracts in all the services that were given out during his administration, and on March 2, with a deficiency inevitable, the Post-

master General extended many services without advertising for bids.

Mr. Chairman, it is my judgment that a number of the air mail contracts are illegal.

If I were writing this bill, in view of the embarrassment in which the present administration finds itself, I would direct the President to draw the line as of March 4 and analyze every contract entered into by the former Postmaster General. Those that would not stand the test would be eliminated, and aviation would have a real new deal.

Mr. KELLY of Pennsylvania. Will the gentleman yield there?

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. MEAD. I will be pleased to yield to the distinguished gentleman from Pennsylvania.

Mr. KELLY of Pennsylvania. I am sure my chairman will do me the courtesy of stating that I joined with him in the opposition to the original bill suggested by Postmaster General Brown, and suggested some of the amendments, and when we did finally pass the bill, it provided that contracts carrying amounts above the appropriation were illegal, and that this applied to those that went over the appropriation carried by the appropriation bill.

Mr. MEAD. That is true. I thank my colleague.

The Postmaster General had no business issuing contracts for any new services unless he was positive that there were appropriations sufficient to cover them. The Department is forced to cut the mail pay on every air mail line for the month of June to keep within the appropriations.

The gentleman from Pennsylvania has always taken the proper stand in these matters. The gentleman and I have worked shoulder to shoulder for honest air mail legislation for the past 4 years. We wrote the law, but Mr. Brown wrote the interpretations, and you could not recognize one by the other.

If you will take the time to read our report on the Air Mail Service and the bill introduced by the gentleman from Pennsylvania [Mr. KELLY], you will find in them a fair solution of this problem.

I am tired of hearing men talk about the sacred rights of contracts. Why should not they take a reduction at this time? The employees in the Federal service have been called upon to make a sacrifice. Some have been reduced as much as 25 percent. Why not cut the subsidies? Is there anything sacred about them?

Mr. WOODRUM. Will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. WOODRUM. Is it not true that section 6, the legislative provision in the bill about which our friends complain so bitterly, gives the President of the United States the right and power to review those two classes of contracts and where he finds there has been fraud or whenever the full performance of the contract is not required in the public interest he has the right to cancel or modify the contract?

Mr. MEAD. That is correct.

Mr. WOODRUM. And the person who has a legitimate honest contract has no reason to fear or complain of the examination of his contract?

Mr. MEAD. In my judgment, anybody that has a legal contract that is for a service in the public interest will be for this bill and will have nothing to fear.

Now, I want to discuss the legislative proposals. On page 50, section 2, provides that the head of every bureau, agency, or independent establishment shall, unless in his discretion the interests of the Government will not permit—

Purchase or contract for articles of the growth, production, or manufacture of the United States—

And so forth.

That provision may be necessary because of the independent offices provided for in this bill. However, such a provision is already contained in title III of the Post Office



Appropriation Act and repeated again in the Revenue Act of 1932.

Page 52, section 4, provides that—

No part of the appropriations may be used to pay any increase in the salary of any officer or employee whose position has been reallocated to a higher grade since June 30, 1932, by the Personnel Classification Board or Civil Service Commission.

When the bill goes to the Senate this section should be amended and made more specific. As it is now written it may affect promotions recently made by Cabinet officers. The assignment of an employee to a more responsible position should not come within the scope of this section.

Section 5 provides that provisions of the last Economy Act requiring impoundment of appropriations shall not operate to require such impoundment under appropriations contained in this act. This is necessary because the Budget estimates were based on the saving which was made in the last appropriation, and the impounding feature does not apply to the Post Office Department, because that would result in a double reduction.

On page 52, section 6 authorizes the President, on or before April 30, 1935, to modify or cancel contracts for the transportation of persons and/or things whenever the full performance of the contract is not required in the public interest and modification or cancellation will result in a substantial saving.

Right at this time, under the present Post Office administration and for the first time in my experience, a real effort is being made to reduce the appropriations necessary for the various contract services. In the days to come, when we are restoring the salaries of our employees, this will have a very helpful effect; heretofore it had been the policy to reduce the employees, to make them stand all the burden, which was unfair. Contracts, subsidies, and leases are now being scaled down by the Department and millions are being saved.

The retirement feature of this bill has been criticized and commended. It is an improvement over existing law and an improvement over the plan which was suggested by the Director of the Budget. Under the bill as written by the committee we retire the employees at an annuity of \$1,200 a year. Under existing law they might be retired at about \$700 a year. The committee treated this question with a degree of liberality that deserves our commendation. They changed the so-called "compulsory retirement" to a selective retirement, and from the utterances of the Postmaster General and others in authority, I believe it will be administered in a humanitarian way and that no serious injury will result to the employees in the service. Forcing 20,000 employees out of the service would ruin the retirement law. It would provide no additional work opportunities, because of the injunction against the filling of vacancies. A 30-year optional retirement with a reduction in the age at which retirement is compulsory would be fair to the majority of our employees.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, there is carried in this bill now pending before the House an appropriation of \$800,000 for the expenses of the Tariff Commission. Something that happened yesterday in London, and has been whispered about on Capitol Hill for the past 48 hours, may make that appropriation unnecessary. Let me read a short extract from the news dispatches from London this morning:

Great Britain's acceptance of the American "tariff truce"—

That is a new title which has been adopted by the so-called "Young Turks" surrounding the campus up on the other end of Pennsylvania Avenue—

Great Britain's acceptance of the American "tariff truce" proposal was transmitted to Washington today, with word that all nations to attend the World Economic Conference will be asked by the League of Nations to join the armistice to make it effective at once.

Prime Minister MacDonald, addressing the House of Commons, disclosed not only the British Government's decision to cooperate with Washington on a tariff truce, but also revealed certain other negotiations, etc.

Then the dispatch goes on to something that has no relevancy here.

A little further down the dispatch refers to Norman H. Davis, the American ambassador at large. He is the American ambassador at large most of the time, and the rest of the time he is talking for J. Pierpont Morgan. Everybody knows that:

Norman H. Davis, the American Ambassador at large, tonight telegraphed Washington the text of the "tariff truce" proposal upon which he agreed with Walter Runciman, president of the Board of Trade of the British Cabinet.

Foreign Secretary Sir John Simon, who spoke in Commons on the necessity for such an agreement, will forward draft of the proposal to the organizing committee of the World Economic Conference which will meet Thursday to accept it formally.

For the past 48 hours there have been whisperings on Capitol Hill about a very, very important message that has just been prepared by Dr. Moley for the President. That message is on Capitol Hill now, and it applies to the very substance of this bill. The idea of the message, which was disclosed on yesterday, is that the President is going to request the Congress to give him authority to appoint a commissioner, a lord high executioner of the American protective tariff, to attend this economic conference in London.

Mr. WOODRUM. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. In a moment. Think of that, my friends from Ohio and Illinois and New York and other great manufacturing States. This commissioner is to be clothed with authority to make agreements with foreign nations for increasing or lowering American tariff rates without respect to the Constitution and without respect to the advice and consent of the Senate. I yield to the gentleman from Virginia.

Mr. WOODRUM. My friend doubtless has overlooked the fact that we are having general debate on an appropriation bill, and that the debate is to be confined to the bill.

Mr. BRITTEN. Oh, no.

Mr. WOODRUM. Oh, yes.

Mr. BRITTEN. But I am talking about the bill. The bill carries \$800,000 for a Tariff Commission, and I am talking about the tariff.

Mr. WOODRUM. The gentleman is not debating this bill.

Mr. BRITTEN. I will leave that to the Chair.

Mr. WOODRUM. The gentleman is making a political speech, and if he continues I am going to make a point of order against it, although I do not want to do that.

Mr. BRITTEN. But if the gentleman will listen to my language attentively he will find I am confining myself exclusively to the tariff and any changes which may be made in our tariff structure.

Mr. WOODRUM. The only question on the tariff in this bill is the appropriation for the Tariff Commission.

Mr. BRITTEN. Of course.

Mr. WOODRUM. Let us not have any politics in this. We are trying to legislate for the good of the country. Let us wait until we get this behind us.

Mr. BRITTEN. I agree with the gentleman fully in everything he says, and I am talking solely about the tariff, which, with its flexible clause, comes directly under the Tariff Commission from time to time. There is an appropriation carried here for \$800,000. If the gentleman is afraid of my disclosing something which Dr. Moley has written, I have no objection to his shutting me off.

Mr. WOODRUM. How much time has the gentleman?

Mr. BRITTEN. I only have 10 minutes, but I will be glad to conclude in 5, if the gentleman wants me to.

Mr. WOODRUM. Go ahead.

Mr. BRITTEN. The subject is tender to those gentlemen on the other side who are always jumping through the hoop at the snap of the whip at the other end of Pennsylvania Avenue. I appreciate that. [Laughter and applause.] With 150 new Members here who have not yet had a chance to make a speech or offer an amendment to anything that has transpired in this House for 2 months, because it is all done under gag rule or under direction from the White



House, there should be some opportunity to talk about the effect the coming economic conference may have upon our industries. No initiative can prevail on that side of the House because you are so curtailed, so hamstrung on every piece of important legislation which comes up. Surely the gentleman will not object to my talking about the Tariff Commission when \$800,000 is carried in this bill for its continuance.

If the White House proposal is to be seriously made, and I am sure it is, I think the country ought to know that the present administration is intent upon clothing someone, call him what you please, with authority to go to London in attendance at this economic conference, and there, in collaboration with the representatives of other nations, revise the tariff rates for the United States of America. That is what this means. This has been whispered around Capitol Hill for 48 hours, and last night the "tariff truce" or trade armistice was flashed from London. It substantiates the Moley proposal which the President is going to sponsor. A distinguished southern Senator has the proposed Presidential message in his pocket right now.

Mr. KNUTSON. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. KNUTSON. Does the gentleman want the House to understand that we must get our information as to what is transpiring down at the White House from London?

Mr. BRITTEN. Indirectly, yes; in this instance, because this special ambassador is a very superior and supreme person.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BRITTEN. Yes. I always yield to my friend.

Mr. O'CONNOR. We get our information here via London via the gentleman from Illinois.

Mr. BRITTEN. I thought the gentleman was going to say "via London via Great BRITTEN." [Applause and laughter.] That is the only reason I yielded to the gentleman, and then he fell down on me. [Laughter.] Still they say the Irish are witty.

Now, I think the country ought to be apprised in advance of the presentation of this Presidential request, because the industries of Ohio, of Alabama, New York, and Indiana, and all the great manufacturing States, will suffer very severely, if not be completely annihilated, if we clothe any individual, I do not care who he may be, with authority to go to London and negotiate with governments treaties that affect our tariffs, up or down. If that is true, why do we need \$800,000 in this bill to sustain the Tariff Commission? That is the duty of the Tariff Commission and of Congress.

Where a rate is to be changed within a 50-percent radius, the flexible clause of the tariff act provides that the Tariff Commission shall do that very thing. But if Norman Davis or some other representative of Pierpont Morgan or the President is going over there to make international agreements, or perhaps one of the college professors now playing around the campus at the White House [laughter], I do not think the Senate will ever agree to them.

Mr. KNUTSON. Perhaps he will send Ezekiel.

Mr. BRITTEN. No. He is too valuable. We will keep him here. But no matter who he sends over there, I do not think the Senate will agree.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. BRITTEN] has expired.

Mr. BRITTEN. Will the gentleman from Virginia [Mr. WOODRUM] yield me 2 minutes? [Laughter.]

Mr. TABER. I yield the gentleman from Illinois 2 additional minutes.

Mr. BRITTEN. I am satisfied, my friends, that this message has been written and that it is on Capitol Hill; that it is being held in the other body for an opportune moment for its presentation. Yesterday or last night was the first information we had that the British had finally agreed to the tariff truce; but they have only agreed because they think they can do to us in a commercial direction what they have done to us in direction of the merchant marine—wipe us off the face of the earth. Ramsay MacDonald, Herriot, and the rest of them, who came here looking for bargains

a few weeks ago, went away from here empty-handed, with all due credit to our President. They had nothing on him. They did not baffle him or frighten him or deceive him, because he knew diplomacy as it is practiced in the old world, and that is the reason they went away empty-handed. That is the reason there was some doubt about London accepting this so-called "truce." But the Senate will never approve that kind of legislation. However, the House will approve it.

I maintain that when that message comes from the President, and your great leader, the distinguished gentleman from Tennessee, JOE BYRNS, gets on the floor as he did yesterday and put across that resolution about which there was considerable argument—when he takes the floor and says the administration wants this, and he points his fingers at you fellows, you will jump through, every one of you. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Illinois [Mr. BRITTEN] has again expired.

Mr. BRITTEN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks; and I will promise not to bring in any politics.

Mr. O'CONNOR. Mr. Chairman, reserving the right to object, I hope the gentleman does not delete any of the colloquy I had with him.

Mr. BRITTEN. I never could; that was too good.

Mr. BOYLAN. Mr. Chairman, further reserving the right to object, I hope the gentleman will insert in his remarks the source of his authority for the message being on the way.

Mr. BRITTEN. Everything that comes here has a certain sauce attached to it. Most of it has come down from the White House. Is that what the gentleman means?

Mr. BOYLAN. No. The gentleman claimed to possess authentic information.

Mr. BRITTEN. Oh, the gentleman said "source." I thought he said "sauce." [Laughter and applause.]

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. GOSS].

Mr. GOSS. Mr. Chairman, I shall address my remarks for a few minutes this afternoon in reference again to the matters contained in this appropriation bill affecting national defense.

The bill contains an item in reference to the maximum rate of flying pay. It has been set in the bill as \$1,440 per annum.

The Military Affairs Committee, of which I have the honor to be a member, recently conducted rather exhaustive hearings at which the Chief of the Air Corps, General Foulois, was present. He gave his opinion on this very subject and presented this rather voluminous brief [indicating]. I want to call attention to what this may do to the Air Corps. General Foulois said:

The phraseology is such that the maximum amount which can be received will be \$1,301.67, so long as the administrative fur-loughs are continued, rather than the maximum of \$1,440. The provision will affect 621 Air Corps officers, and in addition 101 Army officers out of the Air Corps.

The reduction of pay, he says, is applicable to 165 Army Air Corps first lieutenants, 329 Army Air Corps captains, and 127 in the higher grades of the Army Air Corps.

What is the reason for this flight pay? Exhibit I of this document shows the great number of fatal accidents in the Air Corps. Last year there were over 80. This exhibit gives the various kinds of accidents.

May I call attention to the fact that this plan has been talked of: Instead of increasing the aviation pay 50 percent, as is now the law, to have the Government itself carry the insurance for this extra hazard.

It was the opinion of our committee at least that it was more satisfactory from the standpoint of the Air Corps officer and of the Government itself to pay this 50 percent in addition to the base pay.



General Foulois practically told our committee that if this legislative provision were enacted into law it would practically destroy the efficiency of the Army Air Corps, and I have not heard his statement successfully disputed.

For a moment I wish to touch on a comparison of the average pay received by the Army officer, the Army pilot, as compared with the pay received by commercial pilots.

The average pay of Air Corps officers with flying status is \$334.18 per month.

The lowest rate paid by commercial companies, that paid by the United States Airways, is \$362.50 per month, and the pay of commercial pilots runs all the way up to \$682 per month.

Mr. HASTINGS. How much is that per hour?

Mr. GOSS. I have not got the various rates per hour paid by commercial companies figured out.

Mr. HASTINGS. I mean in the Army.

Mr. GOSS. We have to have a total of at least 100 hours.

Mr. KNUTSON. One hundred hours a month?

Mr. GOSS. Yes; and that varies, I may say to the gentleman, depending on the amount of the appropriation.

Mr. HASTINGS. How does an officer qualify for Army flying pay?

Mr. GOSS. I do not know how this particular matter was calculated. I may say it was sent up from the War Department as an official document to the Committee on Military Affairs.

Mr. HOEPEL. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. HOEPEL. I may state for the information of the gentleman that the usual procedure has been that they must have 4 hours in the air on 10 hops, but most of these men fly 40, 50, or 100 hours a month.

Mr. GOSS. This provision will affect every officer who flies, from the brigadier general right down to the second lieutenant.

Let me call attention to the fact that the officers of the Air Corps are risking their lives daily far beyond the risk taken by any commercial aviator. Men sitting on the floor of the House have seen these Army Air Corps maneuvers where pursuit planes go up and have their dog fights, the bombers' attack, and various kinds of planes maneuver. The commercial flier simply takes off the ground and goes in a straight direction. Commercial fliers are not required to fly in tight, close formation.

Let me further call attention to the fact that nearly 100 officers lost their lives last year in this risky business, yet today we are giving the right to abolish all flight pay. The maximum allowed is \$1,440, or, as I said, a little over \$1,300 actually with the furlough.

I think the members of the War Department subcommittee of the Appropriations Committee will agree that General Foulois has done a splendid job during the last 2 years in cutting down surplus flying and limiting flight pay to those entitled to it.

Now, we know that the Navy feels that a maximum of \$1,440 is sufficient to keep their Air Corps in existence.

One of the reasons is that they have so many enlisted men and junior and senior lieutenants in the Navy flying whose base pay would not come up to \$1,440, and, therefore, there are very few officers in the Navy affected by this flight pay, but I am willing to take the word of the Chief of the Air Corps of the Army when he says that this will destroy their efficiency.

Mr. DARDEN. If the gentleman will permit, the statements of the naval officers who appeared before the Naval Affairs Committee do not bear out the gentleman's statement in that respect.

Mr. GOSS. The hearings show they did not oppose the \$1,440, which is what I have just said. I do not understand why that was unless it was because they have so many enlisted men and junior officers flying that they are not affected.

Mr. McFARLANE. I may say for the gentleman's information that in the hearings before the Naval Affairs Com-

mittee the naval fliers very seriously objected to that provision in the bill.

Mr. GOSS. Oh, yes; the fliers do object to it, but Admiral Upham is the man who does not seem to care about it. I was present at the hearings before the gentleman's committee and listened to what Admiral Upham said. Of course, the men in the service are not satisfied.

Mr. SUTPHIN. Do I understand that Admiral Upham is an Air Service officer and a flier?

Mr. GOSS. He is not an Air Service officer. He flies and draws Air Service pay, but, of course, he is not in the same situation as General Foulois, and I may say that there is a difference between the Air Service of the Army and the Air Service of the Navy, and a great difference.

Mr. TABER. Admiral Upham does not get flight pay. He refused it.

Mr. GOSS. Well, he is entitled to it.

Mr. HOEPEL. Will the gentleman yield?

Mr. GOSS. Let me go along just a minute because I have a document in front of me which has not been published, which I want to refer to. I was hopeful that the document that I am going to speak of now might have been made available to the House while this bill was under discussion. It is a rather lengthy statement by the Chief of Staff of the United States Army, General MacArthur. We called him before the Military Affairs Committee in order to find out what effect certain provisions of this bill might have toward destroying or further reducing national defense, and, in my judgment it has already passed the irreducible minimum, and we are at a very dangerous point even without the adoption of these provisions.

I asked General MacArthur what would be the effect on the Army of reducing our officers by 500, 1,000, 2,000, and so on, up to 4,000.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. GOSS. I asked:

In your opinion, what would happen if the Congress saw fit to reduce the number by 1,000 officers or more?

And General MacArthur's reply was this:

I believe that we now have fewer officers than are needed, and to make myself clear, you will have to give me 5 or 10 minutes to go into the proper background to answer that question.

Then he goes on and mentions the 18,000 officers provided under the National Defense Act, and then the action of the Appropriations Committee cutting this number down to 14,000 and now to 12,000. He feels that the very last item of reduction in respect to the Army should be the Army officers. He very clearly pictures this in his statement; and, by the way, I may call attention to the fact that the Military Affairs Committee, as soon as it has the opportunity, is going to print this whole document, so it will be available to the Members and so they may know what is happening to national defense from these various attacks that we get in these bills that are coming before us.

Mr. MARTIN of Colorado. Will the gentleman yield for a question?

Mr. GOSS. Yes.

Mr. MARTIN of Colorado. How does this bill affect such services, under the National Defense Act, as the citizens' military training camps, the reserve officers' training camps, the federalized National Guard, and so forth?

Mr. GOSS. I am glad the gentleman has asked that question. General MacArthur told our committee that we now have 12,000 officers in the Regular Army, and if the President's program on reforestation is completed, this will require a maximum of 4,000 officers. This means 1,200 camps throughout the country with 3 officers per camp. This would mean that 4,000 Regular Army officers would be taken off of duty in this country and at foreign posts, and I want to point out to the gentleman that last year it was brought out very clearly, when the Army appropriation bill was before us, that even a reduction of 2,000 officers would paralyze the C.M.T.C. and the R.O.T.C., and also a lot of the

work that the National Guard is doing, especially where there are Regular Army officers on duty.

Eventually, with these provisions being carried out, the committee has not definite information about the effect. The Bureau of the Budget could not tell us, but, eventually, the United States Army in continental America will only be twice the size of the police force of New York City, where they have 21,000 policemen.

Mr. MARTIN of Colorado. If the gentleman will permit me again, I cannot tell from a reading of the bill or the report whether the Reserve Officers' Training Corps and the citizens' military training camp will be cut out or not.

Mr. GOSS. I will tell the gentleman how they can get at that. In the provision here there is the right accorded the President to furlough officers of the Army at half pay.

Mr. MARTIN of Colorado. Yes; I read that in the bill.

Mr. GOSS. And I have already quoted the Chief of Staff as saying that the 12,000 officers we have, outside of the officers required to do the work in connection with these reforestation camps, have been reduced to an irreducible minimum to carry on the activities of the Army as we have been doing in the past, which, of course, included a program for the citizens' military training camps and the Reserve Officers' Training Corps and the Organized Reserves. He is very clear on that point, as the gentleman will see from his statement.

Mr. TABER. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. TABER. According to information received from some quarters, the President is prepared to cut down or cut out some of these activities.

Mr. MARTIN of Colorado. That is what I am trying to get at.

Mr. GOSS. For one, I am absolutely opposed to cutting down any more in the national defense. [Applause.] I want to go on record as saying that I would favor an increase instead of cutting down. This pinch-penny saving in time of depression may turn out to be a form of extravagance in case of war.

I want to quote what President Roosevelt said and what another very able gentleman said who was Secretary of War under General Jackson.

Mr. Chairman, I ask unanimous consent to insert those quotations in my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The matter referred to is as follows:

General MACARTHUR. Before I get through, let me say that night before last I read in local periodicals extracts from statements by two men who have bulked large in the history of this country. These statements are so pertinent to this discussion that I am going to ask you to bear with me while I read them. Each was written in the aftermath of a war, one in the aftermath of the Spanish-American War, the other in the aftermath of the War of 1812. The first one was by the President of the United States, President Roosevelt, and he said this:

"Again and again in the past our little Regular Army has rendered service literally vital to the country, and it may at any time have to do so in the future. Its standard of efficiency and instruction is higher now than ever in the past. But it is too small. There are not enough officers, and it is impossible to secure enough enlisted men. We should maintain in peace a fairly complete skeleton of a large army. In particular, it is essential that we shall possess a number of extra officers trained in peace to perform efficiently the duties urgently required upon the breaking out of war."

"For years prior to the Spanish War the Secretaries of War were praised chiefly if they practiced economy; which economy was directly responsible for most of the mismanagement that occurred in the war itself—and parenthetically be it observed that the very people who clamored for the misdirected economy in the first place were foremost to denounce the mismanagement, loss, and suffering which were primarily due to this same misdirected economy and to the lack of preparation it involved."

The other was a report by the Secretary of War, Mr. Eaton. This was nearly 100 years before Mr. Roosevelt made his statement.

The CHAIRMAN. Eaton was General Jackson's Secretary of War.

General MACARTHUR. Yes.

The CHAIRMAN. He was the husband of the famous Peggy.

General MACARTHUR. Yes. He said:

"It is not the policy of the country to retain, in time of peace, a large military establishment, particularly numerous soldiery;

but it is of the utmost importance to educate and retain a body of officers sufficient for all the labors preparatory to war, capable of forming soldiers, of supplying them, and putting them in motion in the event of war \* \* \*."

With reference to the War of 1812, he asserted:

"The voice of the whole country was for war, and we plunged into it without a proper organization of the Army, or any of those preparations which it was our duty to make, and which an ordinary degree of foresight must have demonstrated to be necessary and, having committed the blunder, we neglected the only means by which the disastrous results of our measures could have been averted."

"In place of calling forth the intelligent, well-instructed officers of the old corps, and employing them where their talents and acquirements would have been useful to the country, the higher ranks of the Army were filled, for the most part, by men selected rather for their political influence than their military fitness."

"The consequence was that we had no discipline or subordination in our corps, no accountability in the administrative departments, no well-digested plans for operations, no combination or concert in the movement of the different armies; but the strength and resources of the country were wasted in puny and unsuccessful efforts or objects, and presented the singular spectacle of a powerful nation invaded and defeated at all points."

The National Defense Act corrected those conditions. It has been in effect now about 13 years. With its passage the United States, for the first time, could look forward with assurance of success in the eventuality of war.

Mr. GOSS. When we came out of the last war we had 18,000 officers to carry out the national defense. We now have 12,000. We had 280,000 enlisted men and we now have 125,000, including 7,000 Philippine Scouts.

Can it be that men in this House who were here during the war have forgotten about the extravagance that took place in this country as the result of our unpreparedness? If there are any that were here under the Spanish War, can they forget that same thing? History repeats itself.

If it was not for the equipment and matériel of our allies in the World War, we could not have gone over there. Every man in the House knows the effect of undermining the national defense of our country. National defense is one of the most precious things that we have, and every man ought to be for its preservation. Without a national defense, and a strong arm back of it, we would have no country.

Mr. BLANTON. Will the gentleman yield for one question?

Mr. GOSS. I yield.

Mr. BLANTON. Shall we prepare to fight successfully a war here in our own country to repel attacks, or shall we prepare to fight a war in foreign countries across the seas?

Mr. GOSS. For my part, I would prepare adequately, in accordance with the best military tactics, to fight it here.

Mr. BLANTON. That is all right, but fighting it here is an entirely different thing from fighting it abroad.

Mr. GOSS. Yes; but I will say that we are not prepared to fight it here.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. GOSS. I yield.

Mrs. ROGERS of Massachusetts. Does not the gentleman think it is unfair that enlisted men of the Regular Service should be expected to train men in the reforestation camps?

Mr. GOSS. Yes.

Mrs. ROGERS of Massachusetts. And be paid for that at the rate of \$17 a month, while the reforestation men are paid \$30 a month. The Regular Army enlisted man is allowed 34 cents a day for food, whereas the reforestation man is allowed 54 cents a day for food.

Mr. GOSS. Absolutely.

Mrs. ROGERS of Massachusetts. Another thing manifestly unfair is that our disabled war veterans have been cut under the severe regulations to almost nothing, or have had their entire compensation taken away without even having a hearing, whereas these reforestation boys, if they are injured or sick, will be given a dollar a day, plus their maintenance, which is 54 cents a day, while ill, and if they become permanently ill or disabled and have to leave the service, they still come under the provisions of the Employees' Compensation Act and will be given a monthly pension which in some cases will be greater than the pen-



sion payment which is given for the same disability to regular soldiers of our peace-time service.

Mr. GOSS. Yes.

Mrs. ROGERS of Massachusetts. In some instances they will receive a higher rate of compensation than our disabled World War and Spanish War veterans who have battle scars and who have been reduced under the drastic cuts of the President's administrative regulations.

Mr. GOSS. Yes; and I am sure the gentleman remembers the address delivered here on the floor the other day by the gentleman from New York [Mr. WADSWORTH], when he brought that fact out in a letter from a sergeant.

Mrs. ROGERS of Massachusetts. Exactly. They have robbed Peter to pay Paul. They are going to pay Paul in some instances, but they have certainly robbed Peter. Mr. Chairman, I ask unanimous consent to insert in the RECORD at this point the rates of compensation that civil employees are paid under the United States Employees' Compensation Act.

The CHAIRMAN. Is there objection?

Mr. BLANTON. Mr. Chairman, I reserve the right to object, and I shall not, to ask our distinguished colleague from Massachusetts to put in her remarks whether she favors lowering the pay of the boys in the reforestation camps or raising the pay of the soldiers.

Mrs. ROGERS of Massachusetts. I think the soldiers' pay should be raised.

Mr. BLANTON. And would she do that permanently?

Mrs. ROGERS of Massachusetts. I think the pay ought to go back to the old rate.

Mr. GOSS. Before we talk about the pay of soldiers, let us get the soldiers.

Mr. BLANTON. When did the lady reach that conclusion?

Mrs. ROGERS of Massachusetts. I have thought that for a long time.

The CHAIRMAN. The gentlewoman from Massachusetts asks unanimous consent to extend her remarks in the manner indicated. Is there objection?

There was no objection.

Mrs. ROGERS of Massachusetts. Under permission to extend, I submit the following:

UNITED STATES EMPLOYEES' COMPENSATION COMMISSION,  
Washington, May 4, 1933.

MY DEAR MRS. ROGERS: In accordance with your verbal request, I take pleasure in forwarding herewith a brief statement showing the benefits provided by the compensation law applicable to civil employees of the United States. I do not know whether this statement is in sufficient detail to serve your purpose, but if you desire further information concerning this law I will deem it a privilege to furnish it to you.

The compensation rates shown in the attached statement are those provided by law. However, the bill H.R. 5389, which includes the appropriation for the payment of compensation benefits during the fiscal year 1934, provides for a temporary reduction in compensation rates. It is proposed in this bill to reduce these benefits to the same extent as the reduction in the pay of officers and employees of the United States recently promulgated by the President. The effect of this temporary reduction will be to reduce the maximum compensation from \$116.66 to \$99.16 per month and the minimum rate from \$58.33 to \$49.58 per month.

Very truly yours,

WM. McCAULEY, Secretary.

HON. EDITH NOURSE ROGERS,  
House of Representatives, Washington, D.C.

MONEY BENEFITS PAYABLE TO BENEFICIARIES UNDER THE EMPLOYEES'  
COMPENSATION ACT OF SEPTEMBER 7, 1916

Disability compensation

For total disability: 66½ percent of the monthly pay received at the time of injury, subject to a maximum compensation rate of \$116.66 per month and a minimum rate of \$58.33 per month, unless the monthly pay is less than \$58.33, in which case the injured person is entitled to compensation at the same rate as the regular monthly pay received when working.

For partial disability: 66½ percent of the loss in wage-earning capacity due to the disability, but in no case to exceed maximum compensation of \$116.66 per month. There is no minimum rate for partial disability.

Duration of payment: Disability compensation is payable during the continuance of disability causing a loss in wage-earning capacity.

Computation of monthly pay: Monthly pay includes, in addition to the cash wage at time of injury, the value of subsistence and quarters received from the employer as a part of the employee's remuneration, but overtime pay is not taken into account.

Death compensation

Allowance for dependents: To widow or wholly dependent widower, 35 percent of monthly pay of deceased employee until death or remarriage. And, in addition, for each child under 18, 10 percent of monthly pay until death, marriage, or reaching the age of 18.

To one child under 18, if there is no widow or dependent widower, 25 percent of monthly pay.

To each additional child under 18, 10 percent: To be divided among the children equally; to be paid until death, marriage, or reaching age of 18 to child's guardian.

If there is no widow or dependent widower or child under 18: To 1 parent, if wholly dependent, 25 percent; to 2 parents, if wholly dependent, each 20 percent; to parent or parents, if partly dependent, proportionate amounts, to be determined by the commission. To be paid for 8 years, or until death, marriage, or ending of dependency.

If there is a widow or dependent widower or child under 18, dependent parents will be paid so much of above percentage as added to payments to widow or widower and children will not exceed 66½ percent of monthly pay.

If there is no widow, widower, child, or dependent parent: Brothers, if wholly dependent on deceased, to 1 person, 20 percent of monthly pay; sisters, if wholly dependent on deceased, to 1 person, 20 percent of monthly pay; grandparents, if wholly dependent on deceased, to more than one person, 30 percent, share and share alike; grandchildren, if partly dependent on deceased, to 1 or more persons, 10 percent, share and share alike. To be paid for 8 years or until death, marriage, or reaching age of 18 or, as regards grandparents, until they cease to be dependent.

Computation of monthly pay: Monthly pay includes in addition to the cash wage at time of injury the value of subsistence and quarters received from the employer as a part of the employee's remuneration, but overtime pay is not taken into account. The deceased employee's monthly pay for computing this compensation shall be considered to be not more than \$175 nor less than \$87.50, but the total monthly compensation to all beneficiaries cannot exceed 66½ percent of the monthly pay unless the monthly pay is less than \$87.50. In no case can the total monthly compensation exceed the monthly pay.

Medical service furnished in case of injuries: For all injuries sustained on or after September 7, 1916, while in the performance of duty, including diseases proximately caused by the conditions of employment, whether resulting in disability or not, reasonable medical, surgical, and hospital services and supplies, unless refused, and transportation to place of securing them if necessary. Services and supplies must be furnished by United States medical officers and hospitals if available; if such services are not available, then by private physicians designated by the Compensation Commission.

Burial expenses payable in case of death: Burial expenses not exceeding \$200, and transportation of body of employee whose home is in the United States, dying away from home station, or outside of the United States, if relatives desire it.

Compare this amount with the \$75 which is allowed to the World War veteran—

PAYMENT OF PENSION FOR DISABILITY OR DEATH INCURRED DURING  
PEACE-TIME SERVICE

I. (a) For disability resulting from personal injury or disease contracted in line of duty or for aggravation of a preexisting injury or disease contracted or suffered in line of duty when such disability was incurred in or aggravated by active military or naval service other than in a period of war service as provided in part I, the United States will pay to any person thus disabled and who was honorably discharged from such period of service in which such injury or disease was incurred, or preexisting injury or disease was aggravated, a pension as hereinafter provided, but no pension shall be paid if the disability is the result of the person's own misconduct.

(b) For the purposes of paragraph I (a) of part II hereof every person employed in the active military or naval service for 6 months or more shall be taken to have been in sound condition when examined, accepted, and enrolled for service, except as to defects, infirmities, or disorders noted at time of the examination, acceptance, and enrollment, or where evidence or medical judgment is such as to warrant a finding that the disease or injury existed prior to acceptance and enrollment.

II. For the purposes of part II, paragraph I (a), hereof, if the disability results from injury or disease—

(a) If and while the disability is rated 10 percent, the monthly pension shall be \$6.

(b) If and while the disability is rated 25 percent, the monthly pension shall be \$12.

(c) If and while the disability is rated 50 percent, the monthly pension shall be \$18.

(d) If and while the disability is rated 75 percent, the monthly pension shall be \$24.

(e) If and while the disability is rated as total, the monthly pension shall be \$30.

(f) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or the loss of the use of

only 1 foot, or 1 hand, or 1 eye, the rate of pension provided in part II, paragraph II, (a) to (d), shall be increased by \$10 per month.

(g) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss of both hands, or of both feet, or of 1 hand and 1 foot, or is so helpless as to be in need of regular aid and attendance, the monthly pension shall be \$50.

(h) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss of both hands and 1 foot, or of both feet and 1 hand, the monthly pension shall be \$75.

(i) If the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, the monthly pension shall be \$87.

(j) If the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, and has suffered the anatomical loss of 1 hand or of 1 foot, the monthly pension shall be \$100.

(k) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss of both feet and both hands, or is blind in both eyes, having only light perception, and has also suffered the anatomical loss of both hands or of both feet or of 1 hand and 1 foot, the monthly pension shall be \$125.

III. The surviving widow, child, or children, and/or dependent mother or father of any deceased person who died as a result of injury or disease incurred in or aggravated by active military or naval service as provided for in part II, paragraph I hereof shall be entitled to receive pension at the monthly rates specified next below:

Widow but no child.....	\$22
Widow and one child.....	30
(With \$4 for each additional child.)	
No widow but one child.....	15
No widow but two children (equally divided).....	22
No widow but three children (equally divided).....	30
(With \$3 for each additional child; total amount to be equally divided.)	
Dependent mother or father.....	15
(Or both).....	each 11

The total pension payable under this paragraph shall not exceed \$56. Where such benefits would otherwise exceed \$56 the amount of \$56 may be apportioned as the Administrator of Veterans' Affairs may prescribe.

Mr. Chairman, I do not see how I can vote for this independent offices appropriation bill, with its many injustices. I realize, of course, the Democrats, who are in control of the House, doubtless have the necessary votes to pass any piece of legislation which the President wishes to have become law. With that in mind, I sent to the President a letter on May 6, which is as follows:

HOUSE OF REPRESENTATIVES,  
Washington, D.C., May 5, 1933.

The PRESIDENT,

The White House, Washington, D.C.

MY DEAR MR. PRESIDENT: Anticipating the enactment into law of the independent offices appropriation bill, now pending, I am taking the liberty of offering a suggestion with reference to the administration of section 8, subsection A, of the bill.

This section, as you know, indicates possible selective retirement of certain employees in the classified Federal Civil Service who shall have performed 30 allowable years in such service without regard for the age of such employees.

I feel that to retire such employees without due consideration of their efficiency and without regard for their domestic responsibilities and financial obligations would undoubtedly cause distress and embarrassment which may be avoided, in great measure, by your humane administration of the powers which have been entrusted to you.

Many organized groups have long advocated the enactment of a 30-year optional retirement amendment to the Civil Service Retirement Act. It is confidently felt that a considerable number of Federal employees would avail themselves of the opportunity of retirement, thereby retaining in the Federal service other employees whose retirement would be a hardship to their dependents and themselves, and which retirement would also embarrass them with regard to certain contracts assumed on the understanding, as provided in the law, that they would be retained until the stipulated automatic age.

I am pleased to suggest that before any general program may be put into effect all Federal employees who are desirous of being retired shall be accorded the privilege of so doing, having had 30 years or more of allowable service.

Your favorable consideration of my suggestion will be, I feel fully assured, a most satisfactory solution of the operation of the retirement problem, as it will accomplish the desired economies with a minimum of hardship and possible injustice.

Yours very sincerely,

EDITH NOURSE ROGERS.

Mr. WOODRUM. Mr. Chairman, I yield 7 minutes to the gentleman from New York [Mr. BOYLAN].

Mr. BOYLAN. Mr. Chairman, because of the wonderful explanation of the bill to the House by the chairman of the subcommittee, the gentleman from Virginia [Mr. WOODRUM],

and by the chairman of the Committee on Appropriations, the distinguished gentleman from Texas [Mr. BUCHANAN], I shall not go into the details of the bill. I will not tire you, because I think you are as familiar with them as I am. I just want to take a few minutes of your time to speak of the highlights that occurred to me while sitting here listening to the debate. The always-entertaining gentleman from Illinois [Mr. BRITTON] told us about some mysterious whisperings that emanated from the White House; and as he told us about those whisperings, my thoughts went back to another day when he proclaimed to the country, after an interview with the President at the White House, that the President would sign a beer bill. Later this was denied by the White House. I do not know where he got that information, but possibly it was from some mysterious Billy Patterson. And I am wondering whether his information about the mysterious whisperings about tariff revision is the same kind of information that he gave us about President Hoover signing a beer bill. Of course, you gentlemen know that we cannot appropriate on mere whisperings, we must have concrete propositions before us. We have to appropriate for the needs of the departments.

Mr. HOEPEL. Mr. Chairman, will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. HOEPEL. I observe that we have been legislating here a good deal on imagination. [Laughter.]

Mr. BOYLAN. That might be due to the fact that the gentleman, from what I have seen of him, possesses a very vivid and fertile imagination, and gives it full play; but as I say, we have to appropriate on concrete matters, we cannot appropriate on whisperings. Of course we are always glad to be informed, instructed, or amused, no matter from what source the amusement or the instruction may come. I was greatly surprised when the ranking member of the subcommittee, the gentleman from New York [Mr. TABER], got up and commenced to be fearful about the validity of contracts. I have a warm personal affection and regard for him. I know he is one of the most staid, able, and conservative Members of the House, and really, I think, in making his speech, from what I know of him, he had his fingers crossed.

Mr. TABER. Oh, if the gentleman will yield, I never was more earnest in my life. I hate to see the administration getting into such a mess as it will with section 6 of this bill.

Mr. BOYLAN. Of course, we know that. We know the gentleman is generous, but at the same time we also know that he is trying to prepare a record for another day. [Laughter.] Then the distinguished gentleman from New York [Mr. BACON] got up and said that the American merchant marine is going to the bowwows, going to be destroyed, that everything that has been done in 20 years is going to be wiped out at once.

Mr. BACON. Mr. Chairman, will the gentleman yield?

Mr. BOYLAN. Oh, not now. After I finish my statement I will yield. Page 52 of the bill provides:

Whenever it shall appear to the President, in respect of any contract entered into by the United States prior to the date of enactment of this act for the transportation of persons and/or things, that the full performance of such contract is not required in the public interest, and that modification or cancellation of such contract will result in substantial savings to the United States, the President is hereby authorized, in his discretion, on or before April 30, 1935, to modify or cancel such contract.

What is there in that that gives the power to the President to destroy the merchant marine?

Mr. BACON. Will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. BACON. The gentleman, in all fairness, knows that in my opening remarks I said that I had complete faith in the President of the United States that he would not destroy the merchant-marine policy of the United States.

Mr. BOYLAN. Oh, yes; but after that platitude the gentleman spoke about the British vessels, how they build so many more vessels than we do and how it costs them less to do it, together with a mass of statistics that would go to show that by the very passage of this bill the President of the United States would have the power to destroy our mer-



chant marine. How ridiculous a statement; how utterly inane, when the same President, who has been Assistant Secretary of the Navy, a man who has been tied up with ships all his life, a man who is a student of American history and American traditions, a man who comes from an illustrious line of American forbears, by the slightest word or innuendo, to attribute to that distinguished man, the mere thought of doing anything to harm the American merchant marine.

I now yield to the gentleman from New York.

Mr. BACON. I only wanted the gentleman to be fair with what I said. I have no expectation that the merchant-marine policy in any way is going to be destroyed by the President of the United States. I have every confidence in him.

Mr. BOYLAN. Then why the necessity of the gentleman's speech?

Mr. BACON. I simply wanted to give a history of the development of the merchant-marine policy and give full credit to President Wilson for starting it, and I think the gentleman will agree with me there is nothing partisan in anything I said.

Mr. BOYLAN. Well, what was the purpose of the gentleman's speech? The only deduction that could be made from it was that some hidden power in section 6 of this bill would give the President authority to cripple our merchant marine.

The CHAIRMAN. The time of the gentleman from New York [Mr. BOYLAN] has expired.

Mr. WOODRUM. I yield 3 additional minutes to the gentleman, Mr. Chairman.

Mr. BOYLAN. Of course, if the gentleman was just speaking for the RECORD, I have no objection to that. Of course, I know the party on that side of the House is woefully in want of something to put into the RECORD; and if it will comfort them in any little degree or give them any satisfaction, I have no objection to that, but I do not want it coupled up with the splendid bill that our committee has brought in here. We, as your stewards, have brought in this bill, in order to carry out the policy of our Government. We believe the bill does this.

Mr. BRITTEN. Will the gentleman yield?

Mr. BOYLAN. Yes; I yield.

Mr. BRITTEN. The gentleman, of course, knows that in the merchant marine two terms are used, "stewards" and "mess attendants." Which one was the gentleman? [Laughter.]

Mr. BOYLAN. Well, I should like to be a steward.

Mr. BLANTON. If the gentleman were to attend the gentleman from Chicago [Mr. BRITTEN], he would have to be the latter, would he not?

Mr. BOYLAN. The gentleman from Chicago has the reputation of being an excellent host. [Laughter.]

Mr. KNUTSON. Mr. Chairman, I think we ought to go into executive session.

Mr. BOYLAN. But, Mr. Chairman, I am perfectly willing for the RECORD to give my distinguished friends on the left any little publicity they want, but do not say, "Oh, he is a fine fellow, a wonderful man, the best President we ever had, but he is going to destroy the merchant marine. He is going to put it back where it was 20 years ago." For, you know, our able and energetic President yields to no man in this country in devotion to and preservation of its best interests.

Now, we are faced with a serious problem. Our country needs our very best services. It needs every bit of power and intellect and judgment and discretion that we have to take us out of the condition in which we find ourselves. We are not going to get out of the depths; we are not going to reach the heights, unless we unite as one man behind the distinguished, able, and energetic President who has accomplished more for the good of the country in 8 weeks than has been done in the last 12 years. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. ANDREW of Massachusetts. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection it is so ordered. There was no objection.

Mr. ANDREW of Massachusetts. Mr. Chairman, more than a dozen series of orders and regulations affecting changes in veteran payments have been issued by President Roosevelt under the authority given him by Congress, and it is no mean task to correlate and interpret them. Several months may elapse before we can clearly appraise the full scope of the cuts which they involve. It is already clear, however, that while many of the changes fall strictly within the declared purpose of the "act to maintain the credit of the United States Government", as the popularly known Economy Act was entitled, not a few of them go way beyond and are quite at variance with the pledges made by the President when he asked for this authority. The President promised "to provide substantial justice" to the veterans, and "to care for those who suffer in their country's defense, and for their widows and orphans." Those who stood by the President when he asked help in saving the Government from what he described as "the road to bankruptcy" never imagined that the authority he asked for would be used to cut down ruthlessly the benefits given to those who were actually disabled in the war. I do not believe that the President himself had any such thought in mind. He has a generous heart and understands from personal experience what physical handicaps mean. Since his orders do not take effect until July 1, I cannot but hope that he will see fit to revise some of the orders already promulgated.

So far as the World War veterans are concerned, not only are all permanently war-disabled cut 20 percent but the majority of them are subject to a still further cut through the grouping of all disabilities into five percentage groups, within which each veteran is to receive, in place of compensation proportioned to his disability, the minimum compensation of his group. This means for men actually wounded on the field of battle or whose health was irretrievably destroyed in the war a slash of from 30 to 50 percent in what the Government has hitherto provided for them. Some of the men who suffered amputation will find their compensation slashed by a third or a half, and I venture to say that the American people, when informed, will disapprove of such economies at the expense of the victims of the war. Such treatment is cruel and indefensible and does not accord with the President's assurances when he asked Congress to grant him power to make necessary economies.

As for the President's orders concerning the Spanish War veterans, without attempting to defend the general policy of paying pensions for non-service-incurred disabilities, the fact remains that for the greater part of a generation the Spanish War veterans have been receiving disability pensions regardless of whether or not the disability was attributable to war service. Today, thirty-odd years after the war ended, it is harsh of a sudden to require these veterans to furnish evidence that they were disabled as a result of their service in that war. Most of the doctors who treated them are dead. Many of their comrades who were familiar with the facts are also no longer living. Many of their records have been destroyed. I hope the President will also see his way clear to relieve the anxiety of these rapidly aging veterans, as the number concerned is relatively small and the total savings involved not very important.

Mr. TABER. Mr. Chairman, I yield such time as he may desire to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, on Friday, March 11, President Roosevelt sent to Congress a message on the state of the Union, wherein he called attention to the deplorable condition of the country's finances and the imperative need for bringing the Government's expenditures within its income. To do this he asked for extraordinary powers which he deemed necessary to meet the greatest emergency to confront the Republic since the dark days of the Civil War. It is only fair to say that many Members of Congress, Democrats and Republicans, were at heart against the granting of what amounted to almost dictatorial power, but realizing the gravity of the situation they reluctantly voted to vest President Roosevelt with the power he sought, for they realized that the welfare of the Republic was at stake.

Few, if any, are satisfied with the regulations issued under which all pensions and compensations are being reviewed.



I personally know of a considerable number of very worthy service-connected cases that have been stricken from the compensation rolls, which is clearly in violation of the assurances given us by the majority leaders, as well as by the President, that the act would be leniently administered; that no injustices would be done. I want to take this occasion to assure those affected that if these injustices are not corrected I shall introduce the necessary legislation to fully protect the interests of these worthy cases.

The Republic cannot afford to deal niggardly with those who have served it in times of stress, and at the same time I realize the necessity for greatly reducing the operating expenses of the Government. Since 1914 the increase in cost of government, national and local, has grown to such proportions that we are now paying about 30 percent of our income in taxes.

I have consistently fought unnecessary and excessive public expenditures, and in so doing have but lived up to pledges of economy that I have repeatedly made to those whom I represent. I shall continue that policy. I hold that all expenditures should be well within our income. To spend more would ultimately result in national bankruptcy. Since the depression set in the Federal Government has gone into the red approximately \$5,000,000,000, which is about \$5 for every minute since the dawn of the Christian era. With all our wealth and resources we cannot stand a thing like that indefinitely. It had to be stopped and stopped at the earliest possible date. Mr. Roosevelt took the only course that was open to him in asking Congress to pass the Economy Act. At that time we naturally assumed that it was the beginning of an economy program that would quickly result in balancing the Budget.

With agriculture and industry at low ebb, with 12,000,000 out of work, with local governments at the end of their resources, we cannot afford to spend a single dollar unwisely. The so-called "Farm Relief Act", which recently became law, changes the whole economic picture in that it definitely embarks us on a program of currency inflation. Under the provisions of that measure the President will be empowered to issue up to three billions in greenbacks. If that is to be done, then, I say, let us use that money in paying the veterans their bonus. I can think of no better way in which to get this money more quickly into active circulation. There have been a number of relief measures introduced in this and preceding Congresses, but none of them offer the opportunity to relieve suffering and want as does the paying of the bonus under present conditions. The money would be spent for food and clothing and to pay pressing debts. That in turn would stimulate business and raise the price levels as no other plan that has been proposed. It would also relieve the pressure on local relief organizations, which have about reached their limit. Heretofore I have opposed the payment of the bonus because I did not know where the money was coming from, but now that means have been provided for payment, it will give me genuine pleasure to vote to pay the veterans at this time, for I can think of nothing that will give a more equitable distribution of the new money and thereby afford relief that will be Nation-wide. I am sure that the House will agree with me that it would be much better to use the new currency for this purpose than to spend it on unnecessary projects, such as public buildings, Muscle Shoals, and Boulder Dam, which are purely local in their nature and the maintenance of which will constitute a perpetual charge upon the Federal Treasury.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Chairman, as has been stated today, there will be a serious deficit for the fiscal year ending June 30, 1933, in the Postal Department as the result of excess contracts for air mail transportation. The appropriation amounted to \$19,460,000, and it is estimated that the expenditures will exceed that by \$1,500,000. For the year 1934 the appropriation is fixed at \$15,000,000, and on the basis of present contracts and present operations the deficiency will amount to approximately \$5,000,000. So the

seriousness of the situation must be apparent to all, and quite naturally we must concede the necessity of curtailment of operations, or the cancelation of contracts or curtailment of pay. Any department of this Government which exceeds its appropriation as fixed by the Congress, except under most extraordinary circumstances, must meet with condemnation on the part of all American citizens. I do not hesitate to condemn the practice which has grown up in the past of exceeding by hundreds of thousands of dollars; yes, millions of dollars, appropriations set up by Congress.

I shall be just as free in my criticism of the present Department if the \$15,000,000 appropriation is exceeded next year. In February and March of this year the Postmaster General, Mr. Brown, entered into some additional contracts. As a matter of general public policy, the letting of contracts by an official on the eve of his retirement from office must be condemned. In one of them my district happens to be vitally interested—the route across Lake Michigan from Milwaukee to Detroit. I am hopeful that the Department may see fit to continue this service, but may I say that if the Department in developing its policy, its necessary policy of curtailment, sees fit to cancel this contract the people of my district will be in perfect accord with that action despite the fact it will mean a serious handicap to the users of the Air Mail Service in Wisconsin.

Mr. WOODRUM. Mr. Chairman, will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. WOODRUM. I believe the particular contract to which the gentleman has alluded was under negotiation with the department for quite a long while before it was finally awarded.

Mr. BLANCHARD. Oh, the gentleman is entirely correct.

On Monday the chairman of this committee read the law on the subject, and it was read again today by the distinguished gentleman from New York [Mr. MEAD]. It declares those contracts illegal where the specific appropriation has not been set up for the contract.

So we can group these contracts into two classes: One, illegal contracts, if they are illegal, and the distinguished chairman of the committee says they are; and, two, legal contracts.

The question arises as to whether or not this authority, this power grant, is necessary to give the right and the power to cancel these contracts. I wish to read the provisions of the air mail contract in question which I am reliably informed is common to all these contracts whether ocean mail service or air mail service. The language I speak of is contained in paragraph 7 of the contract and reads as follows:

Upon 60 days' notice to the carrier the Postmaster General may increase, diminish, or modify the service above prescribed and make such adjustments in the compensation of the carrier as he may deem proper.

Now, let me proceed and read the language of the bill to show you how similar it is in some respects:

Whenever it shall appear in respect of any contract entered into by the United States prior to the date of the enactment of this act for the transportation of persons and/or things that the full performance of such contract is not required in the public interest and the modification or cancelation of such contract will result in substantial savings to the United States, the President is hereby authorized in his discretion on or before April 30, 1935, to modify or cancel such contracts.

In other words, it is not intended as a clause providing merely for cancelation of a contract but a provision for modification as well, and in this connection I wish to refer again to the language that was used here by the chairman of the Committee on Appropriations when he stated that this provision of the contract could not be enforced because of the rule of reason laid down by the Supreme Court of the United States in the interstate-commerce cases.

May I call attention to the fact that this is a contract entered into between the United States, through the Postmaster General, on the one hand, and with the carrier on the other hand. Absolutely no rule of law, no rule of reason



can interfere with the changing and the modification of the service, the curtailment, or even the question of compensation. The fact of the matter is it has been done in the past and I think it will be done by the present Postmaster General in order to bring the expenditures of the Department during the fiscal year within the appropriation. He has the power and the authority, and I take it he will exercise the authority to place these contracts upon a pro-rata basis, as has been done in the past, or he may upon 60 days' notice curtail service in order to reduce expenditures to make them come within the appropriation.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. McFARLANE. In connection with the gentleman's statement may I say an aviation company I know of is interested in a short air line from Oklahoma City to Wichita Falls in my district, the Reed Air Line. They have submitted to the Department that they can carry this air mail across there for 10 cents a mile, and they have been in this service some 2 years. As I understand it, the average mileage cost for flying air mail is 61 cents. I believe this is correct. Why should we not cancel and modify these contracts if the Government is being euchred out of its money in any such fashion?

Mr. BLANCHARD. May I say with regard to the gentleman's question that different situations arise in different sections of the country.

Mr. McFARLANE. That is true.

Mr. BLANCHARD. I know there are places in the United States where a subsidy is not needed, but how continuous could our service be if it depended upon the power of the service itself to earn a profit? There could not be any continuity of service across the continent, and it must follow as night follows day that in some parts of the country the service naturally will not pay its way.

Mr. HOEPEL. Mr. Chairman, will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. HOEPEL. If the gentleman's contention is correct, I see no reason why we should not get Congressmen for \$5,000 a year instead of \$8,500.

Mr. BLANCHARD. Well, I do not want to take the time to answer that question.

Now, as I say, there are two classes of contracts, illegal contracts, as the chairman has designated them, and legal contracts.

My only objection to this provision is that the moment you put into effect a provision of this character there arises a state of uncertainty. Congress should above all things else establish a permanent policy with reference to its national defense and its Air Mail Service. If you cancel all or most of these contracts, what guarantee can we give with power of this kind granted for continuity of service or permanency of policy when new contracts are entered into?

I submit to you, in all fairness, that it is a serious question, a matter of fundamental policy, and a matter of the permanency of a policy, and this is my objection to a provision of this character—the uncertainty that must, of necessity, exist once you clothe any individual with such power.

I wish to say, in conclusion, that I have no fear about clothing the President with this power. I have voted him powers on many occasions since I have been in the Congress, so that no one need be disturbed about my argument against this provision on that score; but I submit that every time we grant a power of this character, whether it is granted to the President or to an administrative agency, there is bound to arise the uncertainty which may demoralize the service and prevent a healthy development of this important branch of our Government service. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 7 minutes to the gentleman from Oklahoma [Mr. HASTINGS].

Mr. HASTINGS. Mr. Chairman, I want to discuss paragraph (b) of section 8 of the bill under consideration. Section 8 is known as the 30-year employees' retirement provision.

Paragraph (b) is as follows:

In making reductions of personnel due regard shall be given to the apportionment of appointments as provided in the Civil Service Act.

In this connection I invite your attention to the third paragraph of section 2 of the act of January 16, 1883, being "An act to regulate and improve the civil service of the United States." This third paragraph is as follows:

Third, appointments to the public service aforesaid in the Departments at Washington shall be apportioned among the several States and Territories and the District of Columbia upon the basis of population as ascertained at the last preceding census.

The report of the Civil Service Commission shows that there are approximately 33,000 Federal employees in the city of Washington. Of this number the District of Columbia, Virginia, Maryland, Iowa, and Vermont combined have a total of 16,033, or approximately one half of the entire number.

Delaware is entitled to 74 and has 74; New Hampshire is entitled to 145 and has 145. Each has its quota.

With the permission of the House I place these figures in the RECORD, which show the total number each State is entitled to and the number each has and the number in arrears:

Figures based on United States Civil Service Commission's late report on condition of the apportionment, 1933

States	Entitled to	Received	Excess appointments
<b>QUOTAS IN EXCESS</b>			
District of Columbia.....	132	10,778	10,646
Virginia.....	659	2,273	1,614
Maryland.....	444	2,112	1,668
Iowa.....	672	745	73
Vermont.....	98	125	27
Total.....	2,005	16,033	14,028
<b>QUOTAS FILLED</b>			
Delaware.....	74	74	
New Hampshire.....	145	145	

Present condition of the apportionment detailed by States

States	Entitled	Received	In arrears	Percent filled
Puerto Rico.....	482	24	458	5
Hawaii.....	115	13	102	11
California.....	1,544	342	1,202	22
Arizona.....	118	33	85	28
Alaska.....	18	5	13	27
Texas.....	1,584	433	1,151	27
Oklahoma.....	651	196	455	30
Michigan.....	1,317	442	875	33
Louisiana.....	571	207	364	36
Arkansas.....	504	180	324	36
New Jersey.....	1,099	408	691	37
Alabama.....	719	313	406	44
Mississippi.....	546	272	274	50
Georgia.....	791	384	407	48
South Carolina.....	473	228	245	48
Wisconsin.....	799	405	394	50
New Mexico.....	119	58	61	50
Ohio.....	1,807	925	882	51
Illinois.....	2,075	1,121	954	51
Oregon.....	259	125	134	48
Nevada.....	25	15	10	60
New York.....	3,423	1,868	1,555	54
Washington.....	425	240	185	56
North Carolina.....	862	485	377	56
North Dakota.....	185	130	55	70
Connecticut.....	437	254	183	58
Tennessee.....	711	438	273	61
Kentucky.....	711	481	230	68
Florida.....	399	276	123	69
Montana.....	146	90	56	61
Wyoming.....	61	41	20	67
Idaho.....	121	85	36	78
Colorado.....	282	215	67	76
Pennsylvania.....	2,619	1,976	643	75
Minnesota.....	697	543	154	77
Indiana.....	881	710	171	80
Nebraska.....	375	305	70	80
Missouri.....	957	780	177	79
South Dakota.....	188	160	28	85
Kansas.....	511	409	102	80
Utah.....	138	123	15	89
Rhode Island.....	187	173	14	92
Massachusetts.....	1,155	1,103	52	96
West Virginia.....	470	467	3	99
Maine.....	217	213	4	98

I call your attention to the fact that Virginia is entitled to 659 and has 2,273, or an excess of 1,614 appointments. Maryland is entitled to 444 and has received 2,112, or an excess of 1,668.

Examining the other States, I invite attention to the fact that Texas is entitled to 1,584, has received 433, and is in arrears 1,151, or has received only 27 percent of her quota. My State of Oklahoma is entitled to 651, has received 196, and is in arrears 455, or has only 30 percent of her quota.

Members of the House may examine the list and ascertain for themselves the discrimination against their respective States.

Mr. CARPENTER of Kansas. Does that include all States?

Mr. HASTINGS. It includes all the States.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. HOEPEL. Will the gentleman yield for a question?

Mr. HASTINGS. Yes.

Mr. HOEPEL. Is it not possible to balance that apportionment with all these patronage jobs the Democrats are soon going to hand out?

Mr. HASTINGS. The gentleman from California is as well advised about patronage as I am.

You will note that the paragraph quoted from the Civil Service Act was approved January 16, 1883, more than 50 years ago. During all of this time an opportunity has been given to even up the Federal employees in the District of Columbia from the several States.

When it became known a few days ago that paragraph (b) of section 8 was reported in this bill it was severely criticized by the local press. By permission of the House, I am inserting an article from a recent issue of the Washington Post which clearly shows that paragraph (b) has teeth in it, and if it is finally retained in the bill it will be effective:

OVERQUOTA THREAT REMOVED FROM BILL—APPORTIONMENT CLAUSE NOT TO BE FACTOR IN MAKING FEDERAL DISMISSALS

By Robert C. Albright

The "apportionment clause" in the independent offices bill yesterday was rewritten to remove grave threat of dismissal of thousands of Federal employees from the District and overquota States it was authoritatively learned last night.

A redraft of the clause was prepared at a special meeting of the independent offices appropriations subcommittee, and will be presented to the full Appropriations Committee tomorrow before the measure is taken to the House.

As reworded, the clause places apportionment last in the list of considerations that would guide Civil Service Commission officials in making separations from the Government service. This was said virtually to nullify the effect of apportionment as a factor in dismissals.

With revision of the clause the subcommittee has removed virtually all of the "dynamite" from the bill, so far as it affects Federal workers.

Earlier the committee had rewritten the 30-year retirement provision, former center of the fight on the bill, so that it compels the retirement of nobody unless President Roosevelt issues orders setting aside existing seniority ratings.

At the same time they inserted a provision for "rotative furloughs", which amounts to mere continuation of the old law, aside from the fact that department heads will have the authority to discharge as well as furlough.

Yesterday's revision of the apportionment clause came at an extended session with officials of the Civil Service Commission.

The special subcommittee session followed disclosure in the Post that 10,582 Federal workers claiming District residence and hundreds from the overquota States of Virginia, Maryland, Iowa, and Vermont would be the first persons discharged under the new law.

As the clause is rewritten, subject to the approval of the full committee, efficiency, seniority, and marital status all must be considered first in making dismissals.

This means only when employees' ratings are identical, after considering efficiency, seniority, and whether both husband and wife are employed in the Government, would the apportionment rule be applied. And no case has been found yet where such ratings were identical in a given office.

Your attention is called to the fact that there was a reported revision or redraft of paragraph (b), which the above article from the Washington Post says would take all the teeth out of the law and therefore render it ineffective. I call your attention to it in order to emphasize the importance of not amending this provision but insisting upon its being finally retained in the bill as written.

It has been argued that there is a difference in selecting employees from the several States and in reducing them, and that apportionment should govern in the one case but that it should not govern in reducing the number of Government employees.

My opinion is that from every State of the Union the quota can be obtained and the Civil Service Commission and the heads of the various departments here in Washington should be required to see that the intent and purpose of the Civil Service law regarding apportionment among the States should be observed.

I urge upon the Members of the House not to be deceived by arguments that there may be difficulty in the administration of this act. Of course it can be done. The language of paragraph (b), section 8, is plain, and there is no difficulty in its interpretation. It is a clear command that—

In making reductions of personnel due regard shall be given to the apportionment of appointments as provided in the Civil Service Act.

This, of course, refers to the third paragraph of the act of January 16, 1883, above quoted.

There was a good reason for the apportionment of Federal employees among the States. It was not only to give them an opportunity for service to their Government, but to enable men and women from every section of the country to come to Washington and in that way come in close contact with their Government and be in a position to advise the people back home with reference to their Government; how it is administered, and how and why legislation is enacted for their benefit.

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. ROGERS of Oklahoma. The gentleman thinks the reduction should be made in accordance with that provision; in other words, the States that do not have a quota now should not lose as many as the States who have the full quota?

Mr. HASTINGS. That is correct, and that is what this paragraph (b) is intended to in part accomplish. It is a step in the right direction.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. LUDLOW].

Mr. LUDLOW. Mr. Chairman, I have asked for this time in the latitude of general debate on the independent offices appropriation bill in order to make some brief observations on the proposed abolishment of the press service of one of the independent establishments—the Federal Radio Commission—and that I might have an opportunity to pay a merited tribute to an old friend of the fourth estate, G. Franklin Wisner, who organized that bureau and who has made it a very unusual instrumentality of public service.

I know I reflect the unanimous sentiment of the press gallery of Congress, where I served for 28 years, and of the National Press Club, of which I at one time had the honor to be president, and of many Members of Congress, also, when I say that the proposed outright abolishment of the press service is an evolution of government that passeth all understanding. I have no criticism of the Radio Commission, which undoubtedly is seeking to do its duty; but I cannot agree that the abolishment of its press bureau is necessary or advisable.

"Economy did it", says someone. Well, if that is the answer, I can only say that some very strange acts are performed in the name of economy. I am committed to the strictest economy, to cutting out useless agencies by the roots, and to the wholesale consolidation of agencies that overlap and waste money; but I can think of a thousand agencies that should be removed from the structure of government before the press service of the Radio Commission should be touched, if you ask my idea of the order of priority.

Why do I say this? Because radio is a new science; because it is a technical subject; because it is destined to be one of the biggest things in the world; because I know the might of publicity, and for these reasons it is highly impor-



tant to the future of radio, as well as for the convenience of the press and Members of Congress, that it shall have a press service that will be responsive to the national demand for information about radio and capable of giving out correct factual and interpretive information. Only on such a true and solid foundation can the future of radio be builded so that it will be firm and secure.

Radio owes a great deal to Mr. Wisner, who as its press and publicity promoter has accompanied it from its cradle into its swaddling clothes and through its short-trousers career to its present robust estate. As a former Washington correspondent of 14 newspapers, I know whereof I speak. Every hour of the day and night he has been at the service of the Washington correspondents. His exhaustive knowledge of radio has enabled him to answer all questions in terms of understandable English, shorn of technical obfuscations. He has been a mainstay of Members of Congress, who constantly call him over the telephone for information on an infinite variety of radio topics which is promptly and satisfactorily forthcoming. His office is a feeder of radio information to newspaper bureaus, press associations, news services, and radio magazines. It replies to queries received from all over America from individuals, companies, and groups large and small that want accurate information about radio. Specialized radio writers are continually visiting the bureau to secure information from Mr. Wisner, and he is constantly writing illuminating and informative articles for leading magazines, periodicals, and newspapers setting forth striking phases of the work of the Radio Commission, all as a day-by-day part of his public service and without extra compensation.

As a member of the press gallery, I served shoulder to shoulder with Mr. Wisner, and I know him to be an indefatigable worker and a splendid gentleman. Of course the fact that a man is an indefatigable worker and a splendid gentleman is no excuse in itself for keeping him in the public service if he is no longer needed, but I am sure I speak the sentiments of my fellow newspapermen when I say that it is their universal feeling that the demobilization of the Radio Commission's Press Bureau is a calamity to all of them. It is not entirely the loss of Mr. Wisner, much as they esteem him, but it is the loss of this very important and specialized service and all that it means to the newspapers and the public and to the future of radio. That is the real tragedy. Every Washington newspaper correspondent knows of numerous department and bureau press services that probably could be abolished and economies could thus be effected without injury to the public service and they do not understand why those bureaus should be spared and the one that many believe is the most important and useful of all, upon which the well-directed development of radio so largely depends, should be sacrificed on the altar of economy. It is not common sense, that is all.

Some of the Washington correspondents have placed in my hands a copy of a petition they are filing today with the Federal Radio Commission, and I conclude my remarks by quoting the text of that petition, as follows:

We, the undersigned, accredited members of the press galleries of Congress and the White House Correspondents Association, having learned of the proposed abolition of the press service of the Federal Radio Commission and the dismissal of its director, G. Franklin Wisner, protest that such action neither accords with so-called "economy plans" of the Commission nor with the best interests of efficiency.

Radio being so highly technical a subject, it has always been a great help to us to have one central source of information in the Federal Radio Commission. This has obviated the necessity of constant contacting of individual commissioners or members of the Commission staff. It has also operated to assure accuracy of the news emanating from the Radio Commission, which is one of the chief sources of news among the independent offices of the Government.

Some 100 newspapers are operators of broadcasting stations, while hundreds of others are vitally interested in radio developments. Moreover, the growing use of the short waves, particularly by Press Wireless, Inc., means that newspapers must continue to keep well apprised of the developments in radio. To have hundreds of correspondents occupying the time of individual commissioners to secure authentic information would mean a loss of time to them that would greatly impair the efficiency of the Commission.

Mr. Wisner has been of inestimable aid to us almost since the Commission's inception. He is an experienced former Washington newspaperman, whose appointment to his present post we originally urged. We now urge his retention and the continuance of the press service as formerly.

This is signed by George Holmes, manager of the Washington bureau of the International News Service; Raymond Clapper, head of the local United Press bureau; Kenneth Clark, head of the Universal Service here; and nearly 100 leading correspondents, including George Durno, president of the White House Correspondents Association; Raymond P. Brandt, president of the National Press Club; Charles G. Ross, president of the Gridiron Club; Theodore Alford, Kansas City Star; Theodore C. Wallen, New York Herald-Tribune; Robert D. Heinl, Washington Post; Martin Codel, editor Broadcasting Magazine; Sol Taishoff, Consolidated Press; George Manning, General Press Association; James P. Hornaday, Indianapolis News; Harry G. Gauss, Chicago Daily News; Fred W. Perkins, Washington Daily News; Russell Kent, Birmingham News; Paul Wooton, New Orleans Times Picayune; and scores of others, all of whom are very much concerned over the proposed abolishment of the Radio Press Service. [Applause.]

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from North Dakota [Mr. SINCLAIR].

Mr. SINCLAIR. Mr. Chairman, ladies and gentlemen of the Committee, I think it is apparent to everyone here that this bill has some very important legislative provisions which do not properly belong in an appropriation bill. I want to call the attention of the new Members of the House to the fact that this should not be taken as a precedent to be followed by the Appropriations Committee hereafter. All of the legislative sections in the bill should have been thoroughly considered and approved by the appropriate legislative committee and recommended to the House.

Certain of these provisions are going to destroy—it is within the possibility—some of the best features of our Government service. I have in mind the Postal Service, which more than any other governmental agency reaches the home of every citizen and is practically self-sustaining. Under the provisions of the pending measure it is contemplated that the major economies shall be effected at the expense of the Postal Service and the veterans.

In section 9 (a) the President is authorized to suspend or reduce the allowance to rural mail carriers for equipment maintenance. I want to say to you it costs each rural carrier approximately \$400 annually to operate and maintain his equipment. These carriers have already taken, under the Economy Act, a substantial cut in the equipment allowance. A survey conducted by the Post Office Department a couple of years ago disclosed that the equipment allowance paid at that time fell short by about 2 cents per mile of meeting actual operating costs. In some sections of the country costs have been slightly reduced by improvement in roads, but these have been scattered and for the most part on through highways. Other expenses, wear and tear, have been about the same.

Now it is proposed that the entire equipment allowance may be suspended at the option of the President. Surely that would impose hardship and injustice on the 40,000 rural carriers of this country, a burden greater than any other Government employees are asked to bear. If given an opportunity, I will move to have the word "suspended" taken out of the bill. I cannot believe, despite the seriousness of the depression, that this great Government is going to require these carriers to pay a bonus for the privilege of carrying the mail.

There is another item pertaining to postal matters which I wish to call to the attention of the House. On postal legislation, I usually follow the distinguished gentleman from New York [Mr. MEAD] or the distinguished gentleman from Pennsylvania [Mr. KELLY], both of whom are highly informed on postal problems and sympathetic to all branches of the service. During my service here they have usually agreed on postal legislation. I regret that in the present instance they are not in accord.



I want to touch briefly on the section of the bill relating to air mail contracts. One of these contracts happens to be in my State, North Dakota. I refer to the Bismarck-Billings route. This is the only section of the United States which has had no air mail service heretofore.

Every other part of the United States has had some air mail service. North Dakota and Montana are traversed by four transcontinental railroads, but have not had air mail service. It is true that feeders have been sent up from Omaha and Salt Lake City into part of this territory, but those feeders do not carry along the regular channels of trade. We want service with the Twin Cities, which is the natural trade center for all of that country. A contract extending the St. Paul-Bismarck air mail line to Billings was entered into on March 2 last. That air mail contract was approved by the Postmaster General largely due to the efforts of the late distinguished Senator from Montana, Mr. Walsh. Senators Walsh, Nye, and Shipstead, together with Representatives from these three States had been working on this proposal for some time, and one of the last official contacts had by Senator Walsh before his resignation as Senator was with the Postmaster General on this matter.

This contract is of great importance to the people of this territory, and I think it should not be abrogated. The House would have had all this information, would have had other information on the legislative features of this bill if the matter had come from the appropriate legislative committee in a position to give study to the subject. The committee would come in then and recommend proper legislation. I do not wish in any way to take prestige from the Committee on Appropriations, for I have the honor but recently of becoming a member of it; but I do say that it would be much better for the legislation, and for the proper functioning of this House if the Committee on Appropriations would confine its efforts strictly to matters of appropriations, and leave the field of legislation to the committees charged with that duty.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. SINCLAIR. Yes.

Mr. ALLGOOD. Speaking about the equipment of the rural carriers, there are three kinds of roads in the United States—the macadam road, the hard-surface road, and the country road. As I understand it the rural carriers get their pay by mileage, on the same basis.

Mr. SINCLAIR. Yes.

Mr. ALLGOOD. Is it not a fact that a rural carrier on a paved road will possibly make 75 miles and get paid for 75 miles a day, when the man on a bad road can make only 25 miles?

Mr. SINCLAIR. I agree with the gentleman.

Mr. ALLGOOD. And the equipment of the man on the bad road wears out much more quickly.

Mr. SINCLAIR. That is why the matter should be studied in the Committee on the Post Office and Post Roads. I know that the gentleman from Alabama is in sympathy with the rural carriers and is anxious to see justice done them. Therefore, I am sure he will agree with me as to the desirability of reference of the question to the Post Office Committee.

In the northern part of the United States, during the last year, we have had 5 months of winter weather, and at times the roads have been almost impassable. It has cost the rural carriers close to 15 cents a mile to operate. I earnestly urge that before any further reductions are forced upon rural carriers a careful study by actual investigations in the field be made, to the end that these loyal workers of the Government are fairly treated.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. TABER. Mr. Chairman, I yield 5 minutes to the Resident Commissioner from Puerto Rico [Mr. IGLESIAS].

Mr. IGLESIAS. Mr. Chairman, the several national problems confronted in this bill that are subject to debate are great and important to defense, commerce, economy, and human needs, but I feel it is my duty to convey to you some information which interests Puerto Rico. Indeed, you are

now discussing complicated national problems that are of tremendous interest to many millions of people; the veterans' situation is one of these complicated problems, in view of the economies imposed by this bill. And in regard to this question, I desire to state that the veterans of Puerto Rico hope to receive the same treatment and care just as the distinguished gentleman [Mr. Woodrum] has announced this morning will be given to all veterans of the Nation.

Reference is made in section 13, page 57, of this measure to the "economic bill", "to maintain the credit of the United States Government", to extend its provisions to Puerto Rico and imposing the 15 percent reduction in the salaries upon all officials in Puerto Rico, whose salaries are fixed by an act of Congress.

The organic law of Puerto Rico, approved by Congress on March 2, 1917, fixes the salaries of the Governor, attorney general, commissioner of education, auditor, and others, as well as those of the five justices of the supreme court, which are appointed by the President. The salaries of all officials of the island appointed by the President are paid out of the revenues of Puerto Rico in the same way as the salaries of all insular officials not appointed by the President as shall from time to time be directed by the legislature. If the legislature should fail to make an appropriation for such salaries, then the salaries fixed shall be paid without necessity of further appropriations.

As I said before, section 13 of this H.R. 5389 proposes the extension of the 15 percent reduction in the compensation to all officers and employees of the insular possessions, which is now fixed by acts of Congress and which is not subject to reduction under the provisions of title II of the act entitled "An act to maintain the credit of the United States", approved March 20, 1933.

The Legislature of Puerto Rico has not the power to make reductions in the salaries of the officials, which have been fixed by the organic law, approved by Congress. This act not only fixes the salaries of the officials but the way in which such salaries should be paid. The salaries which are going to be affected by virtue of this section 13 are as follows:

The Governor, \$10,000; heads of the executive departments, attorney general, treasurer, interior, labor, agriculture, health, and auditor, each receive \$6,000; the executive secretary, \$5,000; the public service commissioner, \$6,000. Besides these officials of the insular government, there are: The chief justice of the supreme court who receives \$10,500, and the four associate justices who get \$10,000 each. The Federal Government has also several other officials whose salaries are fixed by the organic law—the judge of the District Court of the United States, the district attorney, and the marshal—all appointed by the President.

In connection with this section 13, I have to mention the fact that the Legislature of Puerto Rico, for the last 3 years, has made reductions affecting almost 6,000 officials and employees of the insular government, including 4,000 teachers and 800 policemen. These reductions have ranged from 5 to over 25 percent. Some injustices and sufferings have been imposed upon many families for this.

The Governor of Puerto Rico, exercising the authority that is given to him by the organic law, and invoking new interpretations rendered by the attorney general of Puerto Rico, has reduced the budget outside of the legislature over \$1,000,000 in the salaries of the employees and service of the insular government. Such reductions of salaries, as I say, have reached the proportion of over 25 percent in some instances, with the natural protests on the part of those who suffered the consequences.

But the Governor and the legislature have no power to reduce the salaries of the officials fixed by our organic law, approved by Congress.

Of course, I should like to have this section 13 amended in such a way that it would grant power to the Legislature of Puerto Rico to fix the reduction of salaries of these insular officials in the same way as the other officials and employees of the insular government of Puerto Rico, in view of the fact that all of them are paid from the revenues of Puerto Rico.



I know, and I have been advised by the chairman of the committee, that this cannot be done in this appropriation bill.

It is my duty, and I desire to inform you that before the presentation of this act the officials of the insular government, to which I have referred, and whose salaries are fixed by Congress through our organic act, had requested the governor—and, I think, he himself has suggested—that their salaries should be reduced as it was done with the salaries of other insular officials.

As I say, I should prefer, and the people of the island would desire, to have these salaries of the officials reduced through the authority and power granted to the legislature and the Governor.

From other sources I have received the suggestion that these salaries of the high officials of Puerto Rico should not be reduced, because small salaries will diminish the opportunity to have the best talent and capable officials employed in the service of the island and its people. That may be true, especially if we consider that some of the corporations in the island pay to their local managers and lawyers salaries that range from fifteen to thirty thousand dollars a year, and more than that.

Permit me to inform you that the Annual Report of the Governor of Puerto Rico for 1932 states that the appropriation act approved by the insular legislature has reduced the salaries and wages of the insular officials and employees to the extent from 10 to 15 percent, and was again reduced \$1,000,000 by the Governor in the exercise of the power conferred upon him by the organic law, and reduced again by the Legislature of Puerto Rico in 1933, all this without having the authority and possibility of reducing the salaries of the officials fixed by Congress. In accordance with the same report the Governor says, as follows:

The financial condition of the insular treasury at the close of the fiscal year was satisfactory, beyond all expectations.

Unfortunately, while the financial condition of the insular treasury is satisfactory and thousands of dollars of taxes were canceled or condoned, we have yet over 200,000 children of school age without accommodation. This bill contains a clause that helps the vocational education in the mainland, the Territories, and Puerto Rico.

The insular government is composed at present of the following officials and employees engaged in the public service, including the Governor, the legislature, and the departments, who receive the following compensation: About 6,011 Puerto Rican-American employees, \$6,579,748, and about 233 employees continental Americans, \$409,585.75. Of this total employees, over 4,000 are school teachers and over 800 police.

And before I finish this statement, let me say this: In reducing the public services of the government of Puerto Rico, we are losing opportunities to increase our schools, that need rooms and teachers for over 200,000 children, and also the services of health, sanitation, labor, and the fostering of agriculture and industry.

The most vital problem requiring immediate attention and assistance of Puerto Rico, as in the mainland, are our financial and economic conditions, education, and unemployment, prevailing among the thousands of the suffering producers of Puerto Rico, which are very critical, not only due to the world-wide and national economic depression but especially to the recent floods and hurricanes that badly injured the poor masses of the people as well as the business in general.

The great relief and economic rehabilitation program set forth by the President in behalf of the people of the mainland should be extended fully to Puerto Rico.

Nothing, I believe, would stimulate more the building of a sounder, healthier, and happier community of American citizens in the Caribbean than to extend your entire relief and rehabilitation program to the people of the island, whose increasing welfare would insure a constantly growing market with every prospect of enlarged incomes for American business and further revenues for both the insular and Federal Governments. [Applause.]

Mr. TABER. Mr. Chairman, I yield the balance of my time, 5 minutes, to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I have been watching the procession of speakers this afternoon, and with each succeeding speaker I have noticed there has been a diminution in the number who remained in attendance. I recall a state occasion where there were a lot of extra-fine speakers, and when they got down to the next to the last speaker there was only one man remaining in the audience. Everybody else had gone. The speaker turned to him and said, "Kind sir, I want to thank you for your patience and fortitude in remaining here to listen to my speech." He said, "Hell, man, don't thank me. I am the next speaker." [Laughter and applause.]

Anyway, I am going to thank all of the 39 Members, less than 9 percent of the total Membership of the House, who have remained here faithfully on duty to listen to the discussion of the various component elements that go to make up this appropriation bill, involving over \$500,000,000.

Mr. BOILEAU. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. BOILEAU. If the gentleman should like a larger audience, I will make a point of no quorum.

Mr. DIRKSEN. No, thank you.

Mr. KVALE. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. KVALE. It might be as one of the other speakers described his audience as being "large and enthusiastic", one as being large and the other as being enthusiastic.

Mr. DIRKSEN. I thank the gentleman from Minnesota. I do not believe in that kind of hypocrisy.

Now, I am going to leave with you one thought tonight, and I want to preface it by reading from the remarks of the gentleman from Virginia [Mr. Woodrum] on the economy bill, on page 177 of the first bound copy of the RECORD:

Let me ask this: Who has a right to say that Franklin D. Roosevelt will not deal kindly, gently, and sympathetically with the disabled soldier? In God's name, if a man ever lived, if a man ever occupied a place of authority who is in a position to have his big heart go out in sympathy to the men who are disabled and who are down and out, who have suffered and who are in trial and tribulation, it is the man who now sits in the White House. So far as I am concerned, I am willing to trust the President to deal kindly, gently, and justly with the veterans that I represent.

Now, I will subscribe to that. I think the man in the White House, who is strapped with iron braces, and who has known every kind of physical anguish and pain, would give the veterans a better deal than they will get under this bill, the supplement to the economy bill. But the fact is that Mr. Roosevelt does not know what is in the bill or in the regulations. [Applause.] He does not have time to find out, as a matter of fact.

Now, do you think you will get any sympathy from General Hines; from Mr. Hiller, his assistant; from Mr. Douglas, Director of the Budget; and from Mr. Roberts, who helped write the economy bill and some of these other veteran provisions? Certainly not. You will get as much sympathy out of an iceberg as you will out of those gentlemen, because their traditional policy has been to set themselves up against the veteran. [Applause.]

Let me leave this thought with you: Look in the Executive regulations of the economy bill, and you will find that on a rating of 10 to 24 percent disability a man gets a 10 percent rating, or \$8 a month. Is any Member of Congress willing to surrender 24 percent of his physical fitness for a paltry \$8 a month? Ask yourselves that question. Yet that is what you are asking the veterans to do. Would you surrender 49 percent of your physical fitness for \$20 a month? Or 74 percent of your physical fitness for \$40 a month? Or 99 percent of your fitness for \$50 a month? Ask yourselves that question. It is a very personal matter. Now, go back and examine the Presidential regulations and see how drastic they are. There was a presumption of fitness on the part of a soldier when he went into the Army.



It does not make any difference whether he had incipient T.B., halitosis, or flat feet, or anything else; if it was not noted in the record when he enlisted, the presumption is that he was physically fit, and you know that in the hysteria that went with the World War many men were incapable of military service at the time they enlisted and yet managed to enter the Army. Disabilities were not noted in their records. Such disabilities were aggravated in the service, yet they were presumed to be physically fit according to the new regulations and are precluded from all benefits. Why, even men who were color blind got by the examining boards. You have all had experience. Yet, presumed to be fit. So that presumption is set up against him.

So far as the non-service-connected ratings are concerned, look at the regulations. It provides for \$20 only when a man has been permanently disabled or is totally disabled. Examine the rest of it, and you will see the same thing. I will elaborate on that tomorrow when we read the bill for amendment, because there is something vital here that should be brought to the attention of the House.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. DIRKSEN] has expired.

The CHAIRMAN. The time allotted for general debate having expired, the Clerk will read the bill for amendment. The Clerk read the first paragraph of the bill.

Mr. WOODRUM. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. BULWINKLE] having resumed the chair, Mr. McCLINTIC, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 5389, the independent offices appropriation bill, had come to no resolution thereon.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, without amendment, a concurrent resolution of the House of the following title:

H.Con.Res. 18. Concurrent resolution authorizing the Clerk of the House, in the enrollment of H.R. 3835, to strike out the word "basic" where it appears in subsection (3) of section 8.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3835) entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power", and recedes from its amendment numbered 83, excepted to by the House of Representatives.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 5081) entitled "An act to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development", disagreed to by the House, agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH, Mr. KENDRICK, Mr. WHEELER, Mr. NORRIS, and Mr. McNARY to be the conferees on the part of the Senate.

#### REGIONAL AGRICULTURAL CREDIT CORPORATION

Mr. WHITE. Mr. Speaker, I ask unanimous consent to place two letters in the RECORD, in order that the Members may have information of the methods and operations of the Regional Agricultural Credit Corporation in the State of Idaho, one from Chase Kearn, agricultural extension agent of Franklin County, and the letter of E. R. Underhill, secretary-treasurer of the Corporation at Salt Lake City.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Idaho?

There was no objection.

The letters are as follows:

COOPERATIVE EXTENSION SERVICE IN AGRICULTURE  
AND HOME ECONOMICS, STATE OF IDAHO,  
Preston, Idaho, May 6, 1933.

COMPTON WHITE,

United States Representative, Washington, D.C.

DEAR SIR: I am enclosing, herewith, a copy of a letter received by one of our farmers relative to a loan on livestock contemplated by the Regional Agricultural Credit Corporation. I might say that in January I assisted this man in making his application, in which he asked for \$260 and offered as security 6 head of good dairy cows, and 2 yearling heifers.

It is possible, of course, that the security offered is inadequate, and I am not presuming to say what shall or shall not be the policy of the loan organization set up by the Government and designed to assist farmers, which organization is failing miserably to meet the purpose for which it was created.

I contend that if the property offered is inadequate, the man should have been so instructed; and that to require, first, a mortgage on all livestock and feeds on hand; second, a crop mortgage on all crops to be grown in 1933; third, an agreement affecting your pasture and grazing land, to secure a loan of a miserable \$260, is an insult to any intelligent, self-respecting man.

My attention, today, is called to another letter received by an applicant who wanted a loan of \$550 and offered, by way of security, 15 first-class dairy cows and 20 head of 2-year-old steers and heifers. In order to get the loan the man has been asked to offer as security 20 head of dairy cows, 30 head of 2-year-old steers and heifers, 15 head of yearlings and calves, 40 head of sheep, all feeds now on hand, and a mortgage on feeds to be grown during 1933 and a waiver on his reserve right.

It occurs to me that the institution is not actually designed to relieve any bad situation among the livestock men, nor do I believe that it is functioning to that end. The requirements for obtaining money from the institution are more severe than those of the average banker ever were, and the delay and trouble incurred in securing the loan more than offsets any value realized from the lower rate of interest.

I am transmitting this information to you because I believe you will be interested in knowing just how this emergency institution is functioning or failing to function in relieving livestock owners under the present depressed conditions.

Very truly yours,

CHASE KEARL,  
Agricultural Extension Agent.

REGIONAL AGRICULTURAL CREDIT CORPORATION  
OF SALT LAKE CITY, UTAH,  
Salt Lake City, Utah, March 23, 1933.

Mr. DON P. WHITTLE,  
Preston, Idaho.

DEAR MR. WHITTLE: Your application for a loan of \$260 for 1 year at 6½ percent interest has been approved by our loan committee for the amount requested, with the following conditions:

1. A first mortgage on all your cattle and the hay and other feed now on hand.
2. A crop mortgage on all your crops grown in 1933.
3. An agreement affecting your pasture and grazing land.

Kindly indicate on the enclosed copy of this letter whether or not you wish to accept the loan and return your answer to this office as soon as possible.

Very truly yours,

E. R. UNDERHILL,  
Secretary and Treasurer.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a letter I wrote the President of the United States upon this bill on May 5 last.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

INTELLIGENT NATIONAL PLANNING—A NEW POLITICAL ALINEMENT BY THE ORGANIZATION OF FARMERS, WORKERS, AND VETERANS

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to extend my remarks by including some remarks of Howard Y. Williams on questions of the day.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. LUNDEEN. Mr. Speaker, ladies and gentlemen of the House, under permission granted to extend my remarks I am including a portion of the address delivered by Howard Y. Williams, national director of the League for Independent Political Action, before the Central Labor Union of Marion, Ohio, April 12, 1933.

Our national election of 1932 constituted in many ways a revolution in American politics. That over 6,000,000 voters in a 4-year period should change their allegiance from the Republican



Party to the Democratic was an unheard of event. It was meant to be a vote to the left for more radical action. If the leaders of the Democratic Party believe that it was a vote for them, they are greatly mistaken. Most of these voters cast their ballot with their tongues in their cheeks. They were certain that they did not want more of the Republican administration. They were not sure that the Democratic administration would do the necessary job, but they were willing to give it a trial. If the Democratic Party fails in this crisis, I believe that it will pass out of the picture within 10 years as a factor in national politics. A new united Farmer-Labor or People's Party will result, and the conservatives will be forced to unite probably with the Republican Party, which is essentially the conservative stronghold.

What do the progressive voters of this country want? It has been my privilege within the past few weeks to attend a number of State and national conventions of rank and file progressive groups. I believe that you could bring leaders of such gatherings together anywhere in the United States and the program adopted would be much the same. Liberals over the country are practically united on what they regard as necessary to get us out of this depression. What they need is organization.

#### A SUPREME PLANNING COUNCIL

Our industrial order is breaking down. No amount of patching will save it. "Rugged individualism" and rampant competition must go. They are the marks of a horse-and-buggy age. A nationally planned economy must take their place. Some form of a supreme planning council must be adopted to control production, capitalization, credit, and the distribution of national income. The experience of a city like Detroit must not be repeated. It has the darkest future of any large city in the Nation. It is built around the automobile industry, which is at least three times overcapitalized. There is an investment in machinery and buildings for which the country has no use, but upon which it must try to pay dividends. No wonder automobile companies in that area have been paying their workers 10 and 15 cents an hour. Ignorant of this overcapitalization, Detroit overbuilt itself, extending sewers, water mains, and pavement into territory for which under the present system it now has no possible use, but upon whose improvements the city must pay heavy interest charges. Thousands have moved away, leaving their homes for sale and their investment worth very little. What is true of Detroit and automobiles is equally true of other cities and radios, shoes, and most of our other industries, overcapitalized from 2 to 10 times.

We need a supreme planning council to prevent such crazy unplanned development. Progressives do not want private planning, industrial planning, or the Swope type of plan, which means the building up of huge cartels of industry which would become more powerful than the Government itself. We want social planning. Upon any planning council must sit not only the industrialists but the farmers, workers, and consumers. Any planning that is done must be in the interest of the many and not the few.

The second great need of America is for a more equitable distribution of our national income. In these last years, through the control of land, machines, government, and credit, a few individuals have acquired such wealth as kings never dreamed of. While the Mellon family alone has over \$12,000,000,000, over 17,000,000 men and women walk our streets penniless looking for jobs.

#### STOP SLOW STARVATION

In this emergency we must bring about this more equitable distribution of income by adequate relief. We must stop this slow starvation business in America. In Marion, Ohio, I recently found the unemployed getting 1 day's work a week, 6 hours at 35 cents each, or \$2.10 upon which a family of five must live for a week. At Zanesville, Ohio, an unemployed family of 3 gets \$1.25 a week, grading up to \$2.98 for a family of 12. Imagine such a family sitting around a meal where the food costs slightly over 1 cent a person. Such conditions exist all over America. We ought to have \$3,000,000,000 this year from the Federal Government to give adequate relief, including rent, electricity, gas, heat, and incidentals—not as charity, but as justice, that which government owes its citizens.

#### WAR AGAINST POVERTY

But what the people really want is not relief, but work. Private industry is unable to furnish jobs. The Government becomes responsible. Not less than \$8,000,000,000 will adequately meet the emergency. The only cure for unemployment is employment. We must put several million jobless at work on roads, river drainage, reforestation, and especially upon slum clearance to rid our large cities of their awful tenements. These workers would spend their wages for food, shelter, clothes, automobiles, etc. Other people would get jobs, and we would get out of the deep ditch in which we find ourselves. Let us not say this is impossible. If our Government could raise over \$25,000,000,000 in Liberty-bond sales during the war and spend over \$50,000,000,000 in a war to make democracy safe in Europe, surely it can spend \$8,000,000,000 in a war against poverty at home. The war sums went for destruction. An expenditure for public works would be a constructive investment which would bring returns. Three billion dollars would have done the task 2 years ago. It will not make much of a ripple today. We must have at least \$8,000,000,000 for public works.

Unemployment insurance must be won at this time. If the need is not seen now, when will it be? Any government that really means to serve the people will inaugurate such protection at once.

Adequate old-age pensions would take almost 2,000,000 aged persons from the employment field. No expenditure that we could make would be as economical as this.

We must take the 2,000,000 children now in industry out of the factories and mines where their whole lives are being stunted and shriveled by this premature experience at hard work and put them into schools. This would be another step to relieve adult unemployment.

The 30-hour week with no reduction in the weekly wage must come. Machinery is displacing man. If today we were to attain the maximum production of 1929 at the former schedule of hours, there would be an army of over 5,000,000 permanently unemployed. Technological development demands the reduction of hours per day and days per week, so that jobs can be given to all.

The soldiers' bonus should be paid at once to all unemployed veterans and those having financial difficulties on the farms. This must be a part of the general plan to meet unemployment.

#### CHANGE THE DIRECTION OF WEALTH

Revenue to meet such a program should not come from any form of sales tax. A sales tax is a tax on poverty. It compels the overburdened poor to care for the poor. If the concentration of wealth in the hands of the few, which was one of the prime factors in causing the depression, is to cease, then such projects must be financed by higher income and inheritance taxes on wealth in the higher brackets and resort to a levy on capital wealth if necessary. The direction of wealth would be changed and it would flow back again into the pockets of the many where it would furnish purchasing power and build permanent prosperity.

After getting wealth into the hands of the unemployed our other task is to build larger incomes for those who do work. One of the tragedies of the depression has been the ruthless slashing of wages. The progress of 50 years has been destroyed. Women are forced to work in sweatshops at \$1.80 and \$2.10 a week. A social worker in southern Illinois told me her community gave an average of 40 cents a week per person for relief. When I asked why they did not do better, she replied that if they paid more, families would get more from relief than by working. Even before 1929 great numbers, if not a majority of the American workers, were receiving an insufficient income. They could not purchase in sufficient quantities what they produced, and the economic crisis was the result. Trade unionism cannot protect the workers with this army of unemployed present. The Government must regulate wages and hours of labor. It will either do this, or slavery of a new type will appear in America.

#### JUSTICE TO FARMERS

Farmers must also get a better share of the wealth which they produce. Slavery is that form of society in which men work for nothing. Many farmers have been worse off than slaves. They have actually paid for the privilege of working, borrowing to pay taxes and overhead. Farm income has been reduced almost 50 percent in 10 years, while farm taxes in that same period have increased over 250 percent and farm bank failures over 470 percent. We must lower this unjust burden of taxation by a replacement income tax. We should radically reduce the tariff to enlarge the world market upon which the farmer sells and give him a better price for his product, at the same time lowering the price of the manufactured article he purchases. The high protective tariff is nothing but a means of exploitation for the few. No longer does it maintain the American standard of living. No outstanding economist will defend it. It should go.

We must give farmers added assistance in the development of cooperative marketing and purchasing agencies. Too much goes to middlemen. In Michigan farmers have been receiving less than 2 cents a quart for milk, while the consumers pay 8 and 9 cents a quart. Farmers should get the cost of production, about 4 cents, and the consumers should not pay more than twice that amount. We will probably have to make milk a public utility to protect farmers and consumers. The Frazier bill for refinancing farm mortgages is necessary to stop foreclosures and evictions.

#### PUBLIC OWNERSHIP OF MONOPOLIES

If we are to prevent future panics, we must nationalize the banks and extend the public ownership and operation of all the means of public transportation and communication, of public utilities and natural resources. It has been the control of these huge monopolies that has made possible the concentration of wealth in the hands of the few. The electrical utilities alone stole over \$500,000,000 from the American people last year through extortionate rates and unfair charges. Next to the banks they constitute the greatest racket in this country. The bootleggers are amateurs compared to this crowd. A friend of mine in Tacoma, Wash., which is under public ownership, used 2,249 kilowatt-hours of electricity at a cost of \$16.55. On Long Island, N.Y., that same amount under private ownership costs \$114.45. Adding 3 mills a kilowatt-hour to the Tacoma bill because it uses water power, while Long Island uses steam for generation, there would still be a difference of \$91.15, which the Long Island company stole from its consumer. It means that millions of homes in America are deprived of this servant for washing, ironing, refrigeration, etc., because it costs too much. Think of what cheap electricity would mean in happiness to our people. The same is true of telephones, railroads, and other utilities. The incentive for huge profits is too great to trust banks and public utilities in private hands. Their determination to hold on to these monopolies is one of the greatest sources of corruption in government. As long as the private company does the public's work, there is



bound to be corruption. Put banks and public utilities into the control of the public, and corruption in government to a large extent would almost immediately disappear.

#### A UNITED FARMER-LABOR PARTY

All these measures, however, will prove of little value unless we can substitute for the present system of greed and profit a new order—a united Farmer-Labor Party—based upon human welfare. It is this kind of use of government in which our Minnesota Farmer-Labor Party and the League for Independent Political Action (with its headquarters at 112 East Nineteenth Street, New York City) are interested. We should be glad to see the Democratic administration forget patches and poultries and undertake the building of this new society based upon the principles of cooperation, public ownership, and democratic management, in which politics would be used in a creative and constructive way to secure for everyone a fair share of the good things of life. We feel that President Roosevelt has his face in the right direction. We question whether the conservative groups that control the Democratic machine in so many States will permit any such program. We do not believe that those who have power and wealth will yield except under pressure. We believe that that pressure must come by the organization of workers, farmers, and veterans on the industrial and political plane. We are determined to apply that pressure in a democratic fashion by means of a united Peoples or Farmer-Labor Party that will see to it that no individual sits down at the table of prosperity and has a second helping until every man, woman, and child has had a first helping to the good things of life.

#### 30-HOUR WEEK BILL

Mr. CONNERY. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a report from the Committee on Labor on the 5-day 30-hour week bill.

Mr. GOSS. Mr. Speaker, reserving the right to object, are there any minority views?

Mr. CONNERY. None that I know of.

Mr. GOSS. Will the gentleman amend his request to include the filing of minority views at the same time?

Mr. CONNERY. Mr. Speaker, I ask that my request be amended in that way.

Mr. TABER. Mr. Speaker, reserving the right to object, is there any intention of bringing the bill up this week?

Mr. CONNERY. If I have anything to say about the matter, it will be brought up as soon as possible. I know nothing about that whatever. I am going to report it to the House and then see what the leadership wants to do with it.

Mr. TABER. It seems to me the bill ought to be before the House and the House should have an opportunity to go very carefully into the report before the bill is acted on. If it is intended to bring it up before Monday, I shall object to the report being filed as late in the day as this.

Mr. CONNERY. I may say to the gentleman that so far as I am concerned I have no particular desire for it to come up tomorrow. It could not come up tomorrow, in any event.

Mr. TABER. We may be through with the independent offices bill by 3 o'clock, and if we are, it could come up.

Mr. WOODRUM. I can assure the gentleman it will not come up tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. Goss, for 2 days, on account of death in his family.

#### SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 555. An act to authorize the acquisition by the United States of the land upon which the Seneca Indian School, Wyandotte, Okla., is located; to the Committee on Indian Affairs.

S. 727. An act for the relief of Francis N. Dominick; to the Committee on Military Affairs.

S. 1256. An act granting the consent of Congress to compacts or agreements between the States of Kansas and Missouri for the acquisition, maintenance, and operation of a toll bridge across the Missouri River near Kansas City, Kans., for the construction and maintenance of connections with established highways, for the incorporation of such bridge in the highway systems of said States, and for other

purposes; to the Committee on Interstate and Foreign Commerce.

S. 1425. An act to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933; to the Committee on Banking and Currency.

#### BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 48. An act to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.;

H.R. 1596. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.;

H.R. 4127. An act to extend the times for commencing and completing the construction of a bridge across the Waccamaw River near Conway, S.C.; and

H.R. 4491. An act to extend the times for commencing and completing the construction of an overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio.

#### ADJOURNMENT

Mr. WOODRUM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 20 minutes p.m.) the House adjourned until tomorrow, Thursday, May 11, 1933, at 12 o'clock noon.

#### COMMITTEE HEARING

##### COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, May 11, 10 a.m.)

Continuation of the hearings on the Emergency Transportation Act, 1933, H.R. 5500. Labor organizations will be heard.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. PEAVEY: Committee on Indian Affairs. H.R. 4494. A bill authorizing a per capita payment of \$100 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States; with amendment (Rept. No. 120). Referred to the Committee of the Whole House on the state of the Union.

Mr. PARKER of New York: Committee on Interstate and Foreign Commerce. H.R. 5329. A bill creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.; without amendment (Rept. No. 121). Referred to the House Calendar.

Mr. STEAGALL: Committee on Banking and Currency. S. 1415. An act to amend sections 5200 and 5202 of the Revised Statutes, as amended, to remove the limitations on national banks in certain cases; without amendment (Rept. No. 122). Referred to the House Calendar.

Mr. CHAVEZ: Committee on Indian Affairs. H.R. 4014. A bill to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named, under the terms of the act of June 7, 1924, and the liability of the United States to non-Indian claimants on Indian pueblo grants whose claims, extinguished under the act of June 7, 1924, have been found by the Pueblo Lands Board to have been claims in good faith; to authorize the expenditure by the Secretary of the Interior of the sums herein authorized and of sums heretofore appropriated, in conformity with the act of June 7, 1924, for the purchase of needed lands and water rights and the creation of other permanent economic improvements as contemplated by said act; to provide for the protection of the watershed within the Carson



National Forest for the Pueblo de Taos Indians of New Mexico and others interested, and to authorize the Secretary of Agriculture to contract relating thereto and to amend the act approved June 7, 1924, in certain respects; without amendment (Rept. No. 123). Referred to the Committee of the Whole House on the state of the Union.

Mr. CONNERY: Committee on Labor. S. 158. An act to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day; with amendment (Rept. No. 124). Referred to the House Calendar.

#### CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 5532) for the relief of Kittie R. Miller; Committee on Invalid Pensions discharged, and referred to the Committee on War Claims.

A bill (H.R. 5546) for the relief of M. M. Twichel; Committee on Indian Affairs discharged, and referred to the Committee on Claims.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Missouri: A bill (H.R. 5589) granting the consent of Congress to the city of Washington, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Washington, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. BLACK: A bill (H.R. 5590) to amend the Code of Laws for the District of Columbia in relation to providing assistance against old-age want; to the Committee on the District of Columbia.

By Mr. JENKINS (by request): A bill (H.R. 5591) to provide credit relief by authorizing the issuance of certain bonds and the issuance of additional national-bank notes; to the Committee on Ways and Means.

By Mr. CHRISTIANSON: A bill (H.R. 5592) to amend an act approved May 14, 1926 (44 Stat. 555), entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims"; to the Committee on Indian Affairs.

By Mr. RANKIN: A bill (H.R. 5593) to provide adjusted-service credit allowance to provisional commissioned officers; to the Committee on Ways and Means.

By Mr. SCHULTE: A bill (H.R. 5594) to stay foreclosure proceedings on small homes; to the Committee on Banking and Currency.

By Mr. HOWARD (by departmental request): A bill (H.R. 5595) to amend section 3 of the act entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", approved May 10, 1928 (45 Stat.L. 496), as amended by the act of February 14, 1931 (46 Stat.L. 1108); to the Committee on Indian Affairs.

Also, a bill (H.R. 5596) to amend the act of March 3, 1885, entitled "An act providing for allotment of lands in severalty to the Indians residing upon the Umatilla Reservation, in the State of Oregon, and granting patents therefor, and for other purposes"; to the Committee on Indian Affairs.

By Mr. MOTT: A bill (H.R. 5597) to afford permanent protection to the watershed and water supply of the city of Coquille, Coos County, Oreg.; to the Committee on the Public Lands.

By Mr. STEAGALL: A bill (H.R. 5598) to provide for the safer and more effective use of the assets of Federal Reserve banks and of national banking associations, to regulate inter-bank control, to prevent the undue diversion of funds into speculative operations, to provide for the insurance of deposits in banks, and for other purposes; to the Committee on Banking and Currency.

By Mr. MANSFIELD: Resolution (H.Res. 140) to authorize the printing of communications from the Secretary of

War transmitting letters of the Chief of Engineers submitting reports on the examination and survey of certain waterways in the United States; to the Committee on Printing.

By Mr. MARTIN of Colorado: Resolution (H.Res. 141) authorizing the delegates to the International Conference to work unceasingly for the remonetization of silver on the basis of 16 to 1; to the Committee on Foreign Affairs.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN: A bill (H.R. 5599) granting an increase of pension to Ernestine Singer; to the Committee on Invalid Pensions.

By Mr. DUNCAN of Missouri: A bill (H.R. 5600) granting an increase of pension to Nannie Blades; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5601) granting an increase in pension to Maria Berghoff; to the Committee on Invalid Pensions.

By Mr. KLEBERG: A bill (H.R. 5602) for the relief of Rene Hooge, a minor; to the Committee on Claims.

By Mr. O'BRIEN: A bill (H.R. 5603) granting a pension to Sophie M. Peterson; to the Committee on Pensions.

By Mr. TRAEGER: A bill (H.R. 5604) granting an increase of pension to Mary E. Wald; to the Committee on Invalid Pensions.

By Mr. WILCOX: A bill (H.R. 5605) authorizing Lieut. Jack C. Hodgson, United States Army, to accept the decoration of the Cuban Order of Military Merit; to the Committee on Foreign Affairs.

Also, a bill (H.R. 5606) for the relief of W. R. McLeod; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

984. By Mr. BUCK: Petition of the Legislature of the State of California, urging that the President of the United States be respectfully requested to adopt the John Muir Trail as a unit in the program under Emergency Unemployment Relief Act, and cause said project, together with extensions and incidental facilities necessary to the safety and protection of the users thereof, to be completed during the current calendar year; to the Committee on Labor.

985. Also, petition of the Legislature of the State of California, memorializing the Congress of the United States to enact legislation imposing a tariff on rubber and to include in the Government supply bills a requirement that rubber purchased be grown in the United States; to the Committee on Ways and Means.

986. By Mr. COCHRAN of Missouri: Memorial of the Grand Lodge, Progressive Order of the West, St. Louis, Mo., Morris Shapiro, grand secretary, protesting against the unjust persecution of Jews in Germany, and urging action that will result in the discontinuance of discrimination against the Jews; to the Committee on Foreign Affairs.

987. Also, memorial of the Baron Hirsh Lodge, No. 108, P.O.W., I. Rudman, president, M. Silberman, secretary, St. Louis, Mo., protesting against the unjust persecution of Jews in Germany, and urging action by the United States with a view to the termination of the discrimination against the Jews; to the Committee on Foreign Affairs.

988. By Mr. ELTSE of California: Joint Resolution No. 19 of the California Senate, relative to approval by the President of the United States of a project for the completion of the John Muir Trail under the provisions of act of Congress approved March 31, 1933; to the Committee on Roads.

989. Also, Joint Resolution No. 18 of the California Senate, relative to memorializing the Congress of the United States to adopt legislation protecting and fostering the rubber industry of the United States; to the Committee on Ways and Means.

990. By Mr. GIBSON: Petition of Burlington Post, No. 2, American Legion, Department of Vermont, urging adequate national defense; to the Committee on Military Affairs.

991. By Mr. HOEPEL: Petition of the City Council of San Gabriel, Calif., protesting against the proposed reduction in personnel of the Army and Navy which will aggravate the present distressing unemployment situation; to the Committee on Military Affairs.

992. Also, petition of Leland A. Cupp Post, No. 341, of the American Legion, and American Legion Auxiliary Unit, No. 341, Pico, Calif., urging the maintenance of adequate national defense at all times, and protesting against the reduction of same for the purpose of any so-called "economical program"; to the Committee on Economy.

993. By Mr. LINDSAY: Petition of the Independent Theatre Owners Association, Harry Brandt, president, New York City, favoring the Sirovich Resolution No. 95; to the Committee on Interstate and Foreign Commerce.

994. By Mr. MARTIN of Colorado: Senate Joint Memorial No. 7 of the General Assembly of Colorado; to the Committee on Irrigation and Reclamation.

995. By Mr. PARKER of Georgia: Resolution presented by Congregation B. B. Jacob, of Savannah, Ga., urging Government action to oppose the outrages of the Germans against the Jewish people; to the Committee on Foreign Affairs.

996. By Mr. RUDD: Petition of Edward T. Lee, of Chicago, Ill., favoring legislation for the abolition of railroad grade crossings; to the Committee on Interstate and Foreign Commerce.

997. Also, petition of Harry Brandt, president Independent Theatre Owners Association of New York City, favoring the passage of the Sirovich resolution; to the Committee on Interstate and Foreign Commerce.

998. By Mr. WIGGLESWORTH: Petition of Massachusetts Department, Veterans of Foreign Wars, Boston, Mass., urging the repeal of Public Law No. 2, Seventy-third Congress; to the Committee on Economy.

## SENATE

THURSDAY, MAY 11, 1933

(Legislative day of Monday, May 1, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

### THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of May 4, 8, 9, and 10 was dispensed with, and the Journal was approved.

### CALL OF THE ROLL

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Reynolds
Ashurst	Couzens	King	Robinson, Ark.
Austin	Cutting	La Follette	Robinson, Ind.
Bachman	Dale	Lewis	Russell
Bailey	Dickinson	Logan	Schall
Bankhead	Dieterich	Loneragan	Sheppard
Barbour	Dill	Long	Shipstead
Barkley	Duffy	McAdoo	Smith
Black	Erickson	McCarran	Steiwer
Bone	Fess	McGill	Stephens
Borah	Fletcher	McKellar	Thomas, Okla.
Bratton	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Townsend
Bulkley	Glass	Murphy	Trammell
Bulow	Goldsborough	Neely	Tydings
Byrd	Gore	Norbeck	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hatfield	Overton	Walsh
Carey	Hayden	Patterson	Wheeler
Clark	Johnson	Pittman	White
Connally	Kean	Pope	
Coolidge	Kendrick	Reed	

Mr. KENDRICK. I wish to announce that the senior Senator from New York [Mr. COPELAND] is necessarily detained from the Senate.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

### APPROPRIATION PROVISIONS PERTAINING TO VARIOUS DEPARTMENTS

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the War Department, for the fiscal year 1933, amounting to \$21,000; a proposed authorization for expenditure from Indian tribal funds, amounting to \$10,000, together with drafts of proposed provisions pertaining to existing appropriations under several departments, which, with the accompanying papers, was referred to the Committee on Appropriations.

### FUNCTIONS OF THE FEDERAL TRADE COMMISSION (S.DOC. NO. 59)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Trade Commission, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, information relating to the various functions, annual costs and personnel, etc., of the Commission, which was ordered to lie on the table and to be printed.

### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by Johnson-Brown Post, No. 1736, Veterans of Foreign Wars of the United States, Alexandria, La., protesting against reductions in appropriations for military projects or any action tending to impair the national defense, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Council of the City of Cleveland, Ohio, requesting that the Reconstruction Finance Corporation make all reasonable haste in approving applications for loans to be made for the purpose of slum-clearance projects and the providing of housing for the low-income group, etc., which was referred to the Committee on Banking and Currency.

He also laid before the Senate the petition of John Karachon, of Newark, N.J., praying for certain relief on account of injuries sustained while working with the Lidgerwood Manufacturing Co., of Newark, N.J., which was referred to the Committee on Claims.

He also laid before the Senate resolutions adopted by the county judge and precinct commissioners of San Jacinto County, and the commissioners court of Tarrant County, in the State of Texas, endorsing the program of President Roosevelt and urging the inauguration of a public-works program to provide highway construction in the State of Texas, which were referred to the Committee on Education and Labor.

He also laid before the Senate the petition of the Veterans' Expeditionary Force, signed by George Alman, commander, for the Veterans' Expeditionary Force Committee, New York City, N.Y., praying for the passage of legislation providing for immediate cash payment of adjusted-service certificates (bonus) of ex-service men; the restoration of disability compensations, allowances, and pensions; the immediate remedial relief of the unemployed and farmers, and the making of an appropriation for adequate shelter and food for the veterans while in Washington on a march, which was referred to the Committee on Finance.

He also laid before the Senate resolutions adopted by the Forty-first Associate Council, National Society, United States Daughters of 1812, at Washington, D.C., opposing the recognition of the Soviet Government of Russia, which were referred to the Committee on Foreign Relations.

He also laid before the Senate a memorial of sundry citizens of Plaquemine, La., endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which was referred to the Committee on the Judiciary.

Mr. WALSH presented resolutions adopted by the Massachusetts State Union of Women's Clubs, comprising 1,600 women, in convention assembled at Haverhill, Mass., protesting against all injustices to the Negro race, denouncing the treatment and trial of the so-called "Scottsboro boys" in Alabama, denouncing the Ku-Klux Klan and the alleged segregation of over 350 Negro employees in various departments of the Government, etc., which were referred to the Committee on the Judiciary.